STATE OF SABAH/ MALAYSIA

SABAH DEVELOPMENT PLAN 1965—1970

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To be absorbed into the First Malaysia Development Plan, 1966—1970
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THE SABAH STATE DEVELOPMENT PLAN, 1965-1970

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CHAPTER I

SABAH: ITS ECONOMY AND SOME OF ITS PROBLEMS

1. Sabah, the easternmost State of Malaysia, with its capital lying some 1,000 miles from the Federal capital of Kuala Lumpur, 1,000 miles from Hong Kong and 600 miles from Manila, is not a unified society or economy, but a complex of scattered elements, partly modern, partly backward, with most somewhere in between. The land is rugged in substantial areas and contains the highest peak in Southeast Asia (Mount Kinabalu). Some areas are well suited to field crops, and Sabah can substantially increase its agricultural production without excessive cost if care is taken to use only those areas best suited to this use. But eighty per cent of Sabah is under forest, and exploitation of rich stands of timber has been the outstanding feature of the State's recent rapid economic growth. Tree crops, notably rubber, coconut products, palm oil and cocoa, are yielding important returns, and their future looks bright despite sagging world prices for these crops, and for abaca as well.

Population

2. The 1960 census reported total population as 454,421, reflecting an increase of 36.0 per cent over the 334,141 recorded in 1951, or an annual increase of 3.5 per cent. This compares with an average annual increase of just under one per cent between 1931 and 1951. Natural increase is estimated to be at the rate of 2.9 per cent a year. Immigration, mainly from Indonesia, has been an important factor in recent years, but confrontation and political intervention by Jakarta have dried up the flow of Indonesian labour. Consequently the current rate of population increase in Sabah may now be well below that of recent years.

3. The racial composition is mixed. In 1960 Kadazans made up thirty-two per cent of the population. Another thirty-five per cent consisted of Bajaus, Muruts and other indigenous peoples. Chinese were twenty-three per cent and all others ten per cent.

4. The people of Sabah are spread thinly and unevenly over the State, and three-quarters of the population live fairly near the sea. Most of the West Coast, from the Sarawak border in the South to Kudat in the North, is settled; here are the State Capital of Jesselton, and several other towns, notably Beaufort, Papar, Tuaran and Kota Belud. Sandakan is the principal town on the East Coast, Lahad Datu, Tawau and Semporna in the Southeast. Rudimentary roads connect West Coast areas with each other, and a railway runs from Jesselton south to Beaufort, Tenom, and Melalap. But no overland links connect major towns in other parts of the State, with each other or with the West Coast. Many people live in areas remote from towns and from each other. Large regions remain virtually unpopulated, especially in the densely forested centre of the State. Frequent air services link the main towns, which are also connected by telephone.

5. There are many children and very few old people in Sabah. The recent increase in births has magnified this age distribution, and now nearly half of the population is under fifteen years of age. These children, and the new babies being born in growing numbers, will in the years ahead present a grave challenge to the educational facilities of the State. Medical Services are increasingly concerned with ante-natal work and the health of the young children. Despite Sabah's current labour shortages, it is a matter for concern that this growing number of young people should be able to find remunerative work in due course. Those who are productively employed must carry an unusually heavy burden of dependent young people. Table 1 — 1 shows the age distribution in 1951 and 1960, as well as projections for the years 1965, 1970 and 1975.

TABLE 1-1

AGE DISTRIBUTION OF SABAH'S POPULATION 1951-1975
(per thousand)

	Age group					
	0-4	5-14	15-44	45-59	60+	All ages
1951	147	248	474	92	39	1000
1960	179	256	438	88	39	1000
1965	187	283	399	94	37	1000
1970	178	289	395	99	39	1000
1975	180	274	404	99	43	1000

Occupations

6. Most Sabahans are farmers. The 1960 Population Census showed eighty-five per cent of the population living in rural areas, a slight drop from eighty-seven in 1951. Three-fifths of the economically active population, including most of the Kadazans and Muruts, are engaged in homestead farming on holdings of twenty acres or less. Most of the work on such holdings is done by family labour. Substantial numbers of others continue to live by traditional shifting agriculture. The 1960 census showed forty-four per cent of all the working population grew rice, or mainly rice, and seventeen per cent producing rubber. Estates produce important quantities of market crops, mainly rubber, palm oil, coconuts, cocoa, and abaca. Many rural families lack enough land for farming, and there is great need to open up new land for these people to cultivate.

7. Fishing and forestry are also important traditional occupations. Many Bajaus and other indigenous peoples (other than Kadazans and Muruts) engage in small-scale fishing, timber gathering and boat building. Modern forest industries, using large-scale methods and financed and operated in part by foreign concessionaires, are a major new productive activity and the leading factor of Sabah's recent rapid economic expansion. Construction is another important activity. Ever since World War II, in which destruction was extensive, the construction industry in Sabah has expanded. All towns have been rebuilt in accordance with approved town plans. Outside the towns there has been substantial construction of roads, wharves and airfields.

8. Other economic activity includes the traditional shophouse way of life, transport and some minor manufacturing enterprises.

Recent Economic Growth

9. The extent of economic expansion in Sabah during recent years cannot be shown in terms of national income because the necessary information is lacking. The only estimate now available of Sabah's total production is that made by the Rueff Mission for the year 1961. Gross national product for that year is estimated at $300 million, of which twenty per cent, or $60 million, represented gross domestic capital formation, one-third public, two-thirds private. For 1962 the Mission estimated total investment of all kinds at eighteen per cent of gross national products.*

10. Nevertheless, economic growth is very rapid. The Rueff Mission put Sabah's growth rate higher than that of Malaya, Singapore, or Sarawak. The high growth rate can be seen from Table 1-2 and other tables that follow.

11. Timber has led the growth in prodution and also in exports. In 1955 timber exports brought the then Colony of North Borneo $22 million, just under half of rubber export earnings (Table 1-3). By 1963 timber exports had grown six-fold to $151 million, while the value of rubber sales abroad had declined to $32 million. This growth in the timber industry will certainly slow down during the next six years, now that concessions are reaching the maximum of their operations and the Japanese market is becoming more selective in its purchasing. Timber still seems likely for the foreseeable future to remain Sabah's principal export.

12. Copra exports have also risen in recent years; and cocoa, which first appeared among Sabah's exports in 1957, has become a significant export crop, although still small. Abaca is still of importance, and exports of palm oil have commenced. Table 1-4 shows the areas planted with rubber, abaca, cocoa and oil palm.

13. The chief staple food is rice. Table 1-5 shows the area planted and estimated production in recent years. Planted area has grown more than production, but this is rising about in pace with population growth.

**Report on the Economic Aspects of Malaysia* by a Mission of the International Bank for Reconstruction and Development (Kuala Lumpur: Government Press, 1963) pp. 3 and 102.

TABLE 1-2

SABAH: ECONOMIC INDICATORS

	1955	1959	1963	Average annual rate of growth (%)
	(Figures in parentheses are index numbers)			
Population, estimated, 000	384	439	504	
	(100.0)	(114.3)	(131.3)	3.5
Imports, $millions	87.6	155.5	304.7	
	(100.0)	(177.6)	(347.9)	16+
Exports, $millions	104.8	177.6	274.8	
	(100.0)	(169.5)	(262.3)	13
Cement imports, 000 tons	14.1	18.9	29.9	
	(100.0)	(133.9)	(212.3)	10−
Imports of vehicles, units	463	985	3,288	
	(100.0)	(212.7)	(710.2)	58
Shipping entered, million gross tons	4.5	7.6	11.0	
	(100.0)	(166.5)	(241.2)	12
Currency in circulation $million	43	86.4	140.2	
	(100.0)	(200.9)	(326.1)	16
Bank deposits, mo. av, $million	17.2	39.5	87.9	
	(100.0)	(229.3)	(509.8)	23
Bank advances, mo. av, $million	12.0	32.8	74.1	
	(100.0)	(273.2)	(617.3)	25+
Electricity sold, million Kwh	1.3	8.0	26.1	
	(100.0)	(627.5)	(2,042.4)	45+
Government revenue, $million	29.3	46.2	93.6	
	(100.0)	(157.8)	(319.7)	16
Government ordinary expenditure $million	19.9	35.9	79.7	
	(100.0)	(180.8)	(401.8)	19
Government contribution to development, $million	—	6.65	20.0	
Primary school enrolment, 000	24.8	47.0	63.5	
	(100.0)	(189.6)	(256.3)	13
Outpatients treated, 000	308.3	482.5	616.2	
	(100.0)	(156.5)	(199.9)	9

TABLE 1-3

SABAH'S PRINCIPAL EXPORTS, 1955-1963

	Timber		Rubber		Copra		Cocoa	
	Million Cu. Ft.	$m.	000 tons	$m	000 tons	$m	000 lbs.	$000
1955	13.1	21.6	20.1	45.9	12.4	6.3	—	—
1956	16.4	26.2	19.9	40.3	16.3	8.5	—	—
1957	23.0	31.9	19.9	37.0	15.6	7.9	1.1	1
1958	27.2	36.4	20.2	32.8	12.6	11.4	3.3	2
1959	40.6	61.1	22.9	37.0	13.7	14.7	14.1	24
1960	51.3	90.7	22.0	49.5	15.3	10.5	20.4	14
1961	63.7	102.8	23.6	41.2	18.4	9.4	266.2	187
1962	69.3	122.1	22.4	36.7	16.4	8.0	552.3	338
1963	95.9	150.6	21.2	32.1	18.3	9.4	756.0	514
1963 *figures as % of* 1955:	727	698	106	70	148	149		

TABLE 1-4

SABAH: AREA PLANTED IN MAJOR CROPS, 1955-1963

(000 acres)

	Total	Rubber		Abaca	Cocoa	Oil Palm
		High-yielding trees	Mature high-yielding trees			
1955	122	2	—	3.7	0.08	—
1956	128	9	—	3.5	0.1	—
1957	135	19	—	3.7	0.3	—
1958	149	33	—	4.1	0.6	0.03
1959	161	48	—	4.2	1.5	0.2
1960	188	62	6	4.4	2.9	1.1
1961	203	80	10	4.5	3.8	2.0
1962	218	98	12	4.5	4.8	4.5
1963	233	113	19	5.0	5.5	6.5
1963 *acreage as % of* 1955:	191	5,650	—	135	7,237	—

TABLE 1-5

SABAH: RICE PLANTING AND PRODUCTION, 1955-1963

	Planted area (000 acres)			Production (estimated) (000 tons)
	Wet padi	Dry padi	Total	
1955	44.9	26.8	71.7	35.9
1956	44.2	17.5	71.7	32.5
1957	45.3	29.3	74.6	34.4
1958	43.1	32.3	75.4	28.9
1959	46.0	30.0	86.6	34.2
1960	46.0	30.6	76.6	40.2
1961	66.0	27.1	93.1	48.7
1962	65.9	27.1	93.0	45.1
1963	65.9	24.7	90.0	42.2
1963 *figures as % of* 1955:	147	92	126	117

Factors affecting Sabah's Development

14. A number of factors bear significantly on the pace and direction of Sabah's development. Some of the most important of these factors lie outside the control of Sabah, or even of Malaysia. Some factors are favourable to development, some retard development, some work in both directions.

15. The factor over which the State Government of Sabah and the Federal Government of Malaysia have the most control is public development expenditure. This is rising rapidly, and the Six-Year Plan for 1965-1970 envisages total outlays in excess of $400 million. These expenditures, for schools, roads, land settlement and many other things, not only result in the construction of the facilities directly concerned, but also lead to various secondary activities related both to the respending of construction funds by the workers and suppliers involved and also to the use of roads and other new facilities. Chapter II describes the public investment programme during the current plan period, 1959-1964. Chapter IV presents the programme for 1965-1970.

16. Private investment is even larger than public; in 1961 it was estimated to be twice as large. Private investment of many kinds is growing, although less rapidly in total than public investment. By 1970 public expenditure for investment purposes may nearly reach the volume of private investment. Government decisions cannot, in Sabah's private enterprise economy, determine the volume or character of private investment. But public policy can make investment generally attractive or otherwise, and can influence the direction of private investment activities. In Sabah the climate is favourable for private investment of many kinds, hence the growing volume of investment. Houses and shops are being built, land is being developed in many parts of the State, new crops are being planted, and extensive logging activities have brought dramatic changes in several areas, especially on the East Coast. Foreign capital is responsible for much of this investment, and with foreign capital comes a good deal of needed foreign technology, as well as skilled labour, management and entrepreneurship.

17. Foreign labour is needed in many expanding productive activities in Sabah, partly because of sparse population in certain developing areas, partly because many necessary skills are not available in adequate volume in Sabah. Indonesia and Hong Kong have in the past been the most important sources of foreign labour. But recently the flow of workers from Indonesia has stopped, mainly as a result of Indonesia's policy of "confrontation". The Philippines and Taiwan are other promising sources, and efforts are now being made to attract Malaysian workers from Singapore and Malaya.

18. Foreign technicians, managers and leaders are a key factor in Sabah's current rapid economic growth. The modern life toward which Sabah is striving comes not from techniques and methods originating in Sabah but from inventions and ideas developed in advanced countries. With the Sabahanisation of government positions the number of expatriate officers is declining rapidly, in fact more rapidly than replacements are available from within Sabah. Until this shortage can be made up, assistance is needed from the United Nations and other sources. During the years ahead one of Sabah's most important development tasks is to train Sabahans for such high-level posts, as well as for other technical and administrative work.

19. Foreign aid is, therefore, a factor of substantial importance. Technical assistance is needed to fill key government positions, and to provide advisers to officials, managers and operators in important parts of Sabah's economy. Foreign teachers are needed until enough Sabahan teachers can be trained to staff the spreading schools. Foreign specialists are needed to assist in designing complicated new facilities, in building them, and, for a while in many cases, in operating them. And foreign funds are needed to help finance some of the expensive new facilities called for in the State's rapid growth. Foreign aid is already contributing much qualitatively, for instance through Peace Corps teachers and Colombo Plan technical assistants. But quantitatively more will be needed in the years ahead.

20. Foreign markets are a most significant factor in Sabah's economy and its development. The hunger of foreign buyers for high-quality timber has led to a remarkable growth of logging in Sabah, and timber exports have brought large foreign exchange income and also large increases in State revenue. Timber exports are expected to continue, in fact to grow to a limited extent in the near future. Other export markets are far smaller for Sabah and generally less buoyant, although several are of growing importance in the State's economy. Declining rubber prices make it increasingly difficult to earn much from this important crop, but rubber acreage is expanding. Palm oil, cocoa, abaca and coconut products all are being produced in growing quantities in Sabah, and much depends on the world markets for these commodities. The present expectation is that all of Sabah's production will be sold, and that prices will not drop catastrophically, although they may fluctuate a good deal and probably trend downward.

21. International political and military conditions and events are a factor of grave danger for Sabah, and so constitute a threat to the State's development. Indonesian "confrontation" is the most immediate concern. So far it has not led to serious military conflict, but the flow of Indonesian labour to Sabah has stopped, and a small outflow is now taking place. Military threats remain and there may be active combat, with results for Sabah's development that can only be guessed. Relations between Malaysia and the Philippines have been less than normal ever since Malaysia Day. Until normality is reestablished, trade and travel between Sabah and the Philippines seem likely to continue to suffer.

22. Sabah's location is a basic factor that affects profoundly the possibilities for development and will do much to determine the directions development takes in the years ahead. The extra freight costs between Sabah and Singapore place the Sabah producer at a disadvantage compared with his competitors in Malaya (and even Sarawak) insofar as the product is used in Singapore and Malaya, or insofar as it is processed in Malaya and Singapore, and insofar as it is shipped from Singapore to markets in the West. Additional freight costs also add to the price of commodities imported from the West and required for capital investment as well as for consumption. Sabah is heavily dependent on supplies from overseas.

The Manpower Problem

23. The leading development problem confronting the State is the shortage of labour. Although the number of indigenous people in wage-earning employment has risen steadily since the war, it still constitutes only a fifth of the economically active indigenous population. The great majority are employed in homestead agriculture, principally rice-growing, and fishing. Over two-thirds of the Chinese who are economically active are engaged in agriculture or the timber industry, and they are predominant in the fields of crafts, artisan employment and industry. The proportion of employees compared with self-employed and family workers is also much higher than in the case of the indigenous peoples.

24. Particularly acute are the shortages of technical personnel and high-level manpower of all kinds, in public agencies and private firms alike. Before the Japanese occupation little had been done to provide educational facilities and the absence of technical education was especially conspicuous. The War period and the long period of reconstruction after the war and indeed the shortage of funds until the end of the 1950s have precluded any serious advance in the field of technical education.

25. In the last decade the pace of development and investment in both public and private sectors has been exceptionally rapid. The fact is that Twentieth Century techniques and Twentieth Century equipment are being developed in Sabah in a society in which secondary education is still in its infancy and sixth form education exists in only two schools in the State, and in which technical training institutions still remain to be developed.

26. There is thus a continuing need for Sabahans to get technical training abroad, but it is equally essential that technical training be developed within the State of Sabah itself. With the very restricted output from the secondary schools it has hitherto been necessary to take as many school leavers as possible who reached a requisite standard to go abroad for higher education and degree courses. A situation is now being reached whereby higher education and degree courses need not receive the same over-riding emphasis, and an increasing number of school leavers can be diverted into technical education.

27. The requirement for skilled craftsmen comes mainly from building construction and engineering. The need has had to be met by the entry of workers from abroad. Skilled men have come from several Asian countries, but the chief source of supply is Hong Kong where workers are recruited with the agreement and under the supervision of the Hong Kong Government and in compliance with the provisions of relevant International Labour Conventions. They are normally permitted to bring their families and, after a period, to settle.

28. The needs for foreign labour in estate agriculture and in timber have been met mainly from a constant migratory movement from Indonesia and the Philippines, of men who have, for many years, made their own way to East Coast ports to seek work. Normally, after a period of work they would return to their homeland, but year by year arrivals exceeded departures and there was a tendency for many of them to settle permanently in the State.

29. Since the rebellion in Brunei at the end of 1962 and as one consequence of the pursuance of Indonesia of the policy of "confrontation" against Malaysia, the entry of Indonesians in this way has ceased. There has, on the other hand, been no planned movement among those Indonesians in the State to return to their own country and the full effect of the cessation of Indonesian migration has probably not yet become apparent. There is little doubt, however, that the pace of economic development cannot be maintained unless an alternative source is found to provide an annual increase in the number of persons engaged in agriculture. With the formation of Malaysia, the States of Malaya should provide one source.

30. Sabah seeks to encourage Singapore and Malayan contractors to undertake projects in Sabah. These contractors will need to bring with them additional labour, particularly in the semi-skilled and skilled categories. Proposals have been put forward in a tentative fashion whereby Singapore labour might come to Sabah in connection with the Singapore loan for development in Sabah.

The Malaysian Common Market

31. It is felt in Sabah that the benefits of Common Market arrangements for Malaysia will accrue mainly to Singapore and certain areas of the Malaya peninsula. Any form of protective tariff will benefit existing industrial areas, and insofar as it is successful there will be a centripetal effect which will not benefit Sabah.

32. Insofar as the Common Market benefits Malaysia generally it should indirectly benefit Sabah, provided that policies are so arranged as to ensure that these benefits are passed on to Sabah, which is on the extreme periphery of the Malaysia Federation. Real concern is felt, however, that the protective tariff will make what is imported from outside more expensive, and that the products manufactured in Malaysia will not be substantially cheaper nor possibly of a competing quality.

33. A standard price for consumer goods manufactured in Malaysia would be helpful, but this can hardly be applied to major and more bulky items, such as building materials.

34. Any increase in the cost of living as a result of the Common Market cannot fail to be a cause for concern. On the other hand, benefits may flow to Sabah to a limited extent insofar as industries are developed based on local raw material supplies. This applies particularly to the manufacture of veneer and plywood, which is in its infancy in the State.

35. In contrast with the extra burden which, it is felt in Sabah, may result from establishment of the Common Market in the initial years, there will be the tangible and substantial flow of resources to Sabah from the States of Malaya and Singapore required to finance and execute this ambitious development plan.

CHAPTER II

DEVELOPMENT UNDER THE 1959-1964 DEVELOPMENT PLAN

INTRODUCTION—FINANCIAL AND ECONOMIC BACKGROUND

35. The 1959-1964 Development Plan was not prepared as a comprehensive document reviewing progress over the previous period and setting out the problems which had to be faced and the measures necessary to deal with them. It was merely a statement showing the resources which were expected to be available during the period, and disposition of expenditure under broad functional heads.

36. The 1959-1964 Development Plan suffered initially in two particulars:

(*a*) 1958 had been a disappointing year for the economy of the then Colony of North Borneo and caused a cautious attitude to be adopted towards the prospects for the next five years;

(*b*) the Census of Population was taken in 1960, and its results were not known until 1961; plans were not therefore related to population figures which, as the Census Report showed, revealed some significant changes and tendencies during the previous nine years.

37. Plans for the 1959-1964 period were laid on the assumption that there would be sixty-one million dollars available for development expenditure broken down as follows:

	$
(*a*) Allocation of surplus Colony Funds at five million dollars a year	25,000,000
(*b*) Loan Funds	10,000,000
(*c*) Colonial Development and Welfare Grants	25,714,285
(*d*) Unspent Colonial Development and Welfare Grants from the previous period	260,000
(say)	$61,000,000

38. The planned disposition of these resources including an additional $10 million for Contingencies (making a total of $71 million) is set out in Column 2 of Appendix A, and was approved by Legislative Council in Council Paper No. 31 of 1959. The figure of $71 million excluded continuation schemes and those financed from Colonial Development and Welfare Research Funds. In the course of the Development Period, the Colony's resources grew significantly. This enabled substantial additional contributions to be made to the Development Budget, and therefore the scope of the Development Plan was greatly expanded. Table 2 - 1 shows specimen figures up to the end of 1964 though the 1964 figures reflect the new financial arrangements which came into force on 1st January, 1964, as a result of the Malaysia Agreement.

TABLE 2-1

	Revenue from Forest Royalty	Revenue from Income Tax	Total Ordinary Revenue	Contribution to Development Budget
	$	$	$	$
1959	3,871,289	3,211,179	46,811,704	6,650,000
1960	5,958,896	6,258,073	59,048,113	15,000,000
1961	9,356,057	9,048,534	68,105,459	16,041,394
1962	11,132,844	10,453,939	79,358,194	20,044,172
1963	13,846,481	13,793,055	93,571,109	20,009,000
(Estimated) 1964	14,000,000	—	61,558,212	15,000,000

39. At the end of 1960, 1961, 1962 and 1963 (*a*) reviews of the Development Plan were carried out. The disposition of development finance at the end of 1963 (the last review before complexities over both the Plan and the result of the Federal Government of Malaysia assuming financial responsibility for certain functions on 1st January, 1964) compared with

(*a*) Council Papers Nos. 43 of 1960, 45 of 1961, 43 of 1962 and 61 of 1963.

the disposition in 1959 is shown in Column 3 of Appendix A. The scope of the Sabah Development Plan on the last review was $156,000,000.

40. Although Sabah became a State of the Federation of Malaysia on 16th September, 1963, as a matter of convenience it was agreed that Sabah should continue to accept financial responsibility for what would otherwise be Federal subjects until the end of the year, and what would otherwise be Federal revenues would continue to accrue to Sabah until the end of the year.[1]

41. With effect from 1st January, 1964, the Federal Government of Malaysia accepted financial responsibility for what on the 16th September, 1963, became Federal functions. These functions insofar as they affected the Development Plan were as follows:

Civil Aviation
Co-operatives
Lights and Navigational Aids, and Marine matters but not Ports and Harbours
Posts and Telegraphs
Education
Broadcasting and Information
Police and Prisons

42. Where there was planned allocation under the Sabah Development Plan, 1959-1964, for any of the functions listed in paragraph 41, and in cases where the planned allocation had not been spent by 31st December, 1963, the Sabah Development Fund was freed of the balance of the financial liability thus leaving resources available which might be released for the benefit of purely State projects.

43. On the other hand, because of the reduction in revenues available to the State, and because State commitments would not be reduced to the same extent, the surplus estimated to be available for transfer to the State Development Budget in 1964 was considerably less than the transfers in the previous three years.

44. With effect from 1st September, 1963, expenditure on development projects financed in part from Colonial Development and Welfare Funds, ceased to be eligible for reimbursement from Colonial Development and Welfare Funds. The unexpended Colonial Development and Welfare balances were deemed to be included in the British Grant of £2 million for five years to the Federal Government of Malaysia for development in the Borneo Territories[2]. Such development projects therefore were enabled to continue by drawing in Kuala Lumpur for reimbursements instead of London, and with the Federal Government assuming liability for Government contribution with effect from 1st January, 1964, where the development project related to a Federal subject.

45. The expansion of the 1959-1964 Development Plan was made possible by the rapid growth of the timber industry returns from which not only benefitted Government revenues, but directly and indirectly stimulated considerable economic activity. Imports have swelled, and the volume and value of trade have boomed. On the other hand, the fortunes of rubber have declined, and despite considerable planting with high yielding material there has been no expansion of rubber production. Growing investment in the public and private sectors has exacerbated the problem of the shortage of labour, both skilled and unskilled, and strained relations with Indonesia have made matters worse.

46. At this stage it is not possible to forecast what the outturn for 1964 will be with any accuracy, and therefore to forecast the position of the Sabah Development Fund will be at the end of the period. On the basis of the 1964 Estimates, the opening balance in the Fund was $24.893 million and allowing for expenditure of $46.870 million during the year, the closing balance would be $456,000. On the other hand, the contribution to the Development Fund was increased to $15 million in 1964.

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[1]Section 80 of the Malaysia Act.
[2]Inter-Governmental Committee Report, paragraph 24 (12).

47. Development expenditure during the period 1959-1964 covering items in the Plan as well as continuation schemes and items financed from Central and Research Colonial Development and Welfare Funds was as follows:

		$ million
1959	... ...	12.510
1960	... ...	16.390
1961	... ...	19.496
1962	... ...	26.514
1963	... ...	36.695
1964	... ... (say)	45.000
		156.605

SECTION 1 — PROGRESS IN THE PRIVATE SECTOR

AGRICULTURE

48. At the time of the 1960 Census Seventy-five per cent of the economically active population were engaged in agriculture or fishing and they produced about forty per cent by value of total exports.

49. It is estimated that 75,200 acres of smallholder rubber will have been planted in the years 1959-1964, and that of the area only 1,500 acres will have been planted by smallholders without assistance from the Rubber Fund Board.

50. The Rubber Fund Board provides assistance to the value of $120 an acre. The total cost of planting an acre is estimated at $800. Therefore in terms of smallholder planting the value of the private (i.e. non-Rubber Fund Board) investment was perhaps $51,000,000. In addition, during the period 1959-1964, approximately 26,800 acres will have been looked after and maintained as private investment prior to production. At a notional cost of $200 per acre a year, this might represent an investment of $5,400,000 over the period.

51. Estates have planted 9,800 acres of rubber in the period valued at $7,840,000 and have replanted 10,100 acres valued at $8,080,000. It is estimated that 9,800 acres will have been maintained prior to production representing $1,960,000 an acre per annum.

52. The total investment in rubber in terms of planting, replanting and maintenance of rubber in the period 1959-1964 is perhaps $74,280,000.

53. In 1959 only 206 acres of oil palms were in cultivation in the then Colony of North Borneo. Since then, six major estates have developed, and at the end of 1964 there will be 10,800 acres under cultivation. In addition, a further 1,000 acres will have been developed by medium-size holdings. No small-holdings of oil palm will have been developed by purely private investment, but planting material will be ready in nurseries for six assisted smallholder schemes. On the basis of materials and fertilisers alone investment in oil palms in the private sector is probably $2,360,000 on the basis of $200 an acre.

54. At the end of 1959, there existed 1,400 acres of cocoa. At the end of 1964, there are estimated to be 5,500 acres. The increase of 4,100 acres represents an investment of $820,000 in planting material.

55. No accurate figures are available for the acreage under coconuts but it would appear that in the period under review, the acreage has increased from 70,000 to 97,000 an increase of 27,000 acres. Although in 1963 and 1964 there were Government assisted schemes for the planting of coconuts, most of the planting was financed from private resources; calculated at the rate of $100 per acre, some $2,700,000 have therefore been invested.

56. As regards abaca, the acreage increased from 4,150 to 5,100 acres during the period under review, an increase of 950 acres but there was at the same time a considerable amount of replanting. The total increase in investment can be regarded as being 2,000 acres at $300 an acre to make a total of $600,000.

57. There has been a considerable increase in the number of livestock in the State; for example, it has been estimated that the value of pigs killed in the local markets increased from $3.5 million in 1959 to $4 million in 1964. It is estimated that during the period 1959-1964, a total of at least $3 million will have been invested in livestock by the private sector.

58. Between 1959-1964, three concerns have developed the prawn catching, freezing and packing industry. Apart from disposal in the local market, in 1964 it is estimated that 450 tons of frozen prawns will be exported valued at $2,250,000.

59. There has been a large increase in the number of mechanised fishing boats which has risen from 128 in 1959 to 650 in 1964, an increase of some 500 vessels. Of these about 100 are trawlers with an average investment of, say, $10,000 to give a total investment of $1 million, the remaining 400 being smaller boats with an investment of $1,500 to make a total of $60,000. There has also been a very considerable investment in the purchase of outboard motors.

60. During the period, a Company was started to culture artificial pearls; private investment was of the order of $250,000.

FORESTS

61. In 1959, the industry exported 790,140 tons valued at $61,063,707. In 1963, it exported 1,654,779 tons valued at $149,607,518. In 1959, there were seven concessionnaires with twenty-one-year concessions covering 3,668 square miles. In 1964, there are eleven concessionnaires with concessions covering 6,310 square miles. In addition, one special licence holder has been promised a concession over about 145 square miles, and this will be issued soon.

62. In 1959, there were four special licences in operation covering 876 square miles; operations only commenced in that year and took time to get under way, and only 40,208 tons were produced. In 1963, there were nine special licences covering 689 square miles with a production of 335,554 tons. In addition two operators holding annual licences were likely to convert to special licences in 1964.

63. In 1959 annual licences covered thirty-two square miles and produced 324,000 tons; in 1963 these licences covered seventeen square miles (most of this is alienated land) and 175,000 tons were produced.

64. Casual licences, to control working in alienated land, covered about one square mile in 1959 and produced 11,100 tons, but by 1963 these licences covered sixty-three square miles and produced 628,400 tons of timber.

65. Estimated investment in the timber industry has been:

1959	$12 million
1960	$15.3 million
1961	$ 9 million
1962	$18 million
1963	$21.5 million

66. The production of veneers has grown. In 1959, no veneer sheets were exported. In 1962, 1.423 million square yards were exported valued at $635,000; in 1963, 3.268 million square yards valued at $1,269,158; in 1964, it is estimated that 3.250 million square yards will be exported.

MINING

67. The period 1959-1964 saw greater interest and prospecting effort by oil and mining companies in Sabah than at any previous time; these commercial investigations have been initiated largely as a result of publication of basic mapping and research by the Geological Survey Department.

OIL PROSPECTING

68. The Shell Company of Sabah Limited continued their programme of exploration over 1,000 square miles of the mainland and about 6,750 square miles of the continental shelf off the west coast. During the period one well was drilled on land and five marine locations were drilled from a mobile drilling platform; other investigations included a detailed marine seismic survey, echo-sounding surveys, geological field surveys, and palaeontological and sedimentological studies. Expenditure of more than $13,000,000 was incurred.

69. For the first time since the early 1920's oil companies other than the Shell Group have shown an interest in Sabah; applications by two reputable companies, Teikoku Oil Company of Japan, and the French Société Nationale Petroles D'Aquitaine, have been received and negotiations with the former for an oil exploration licence have reached a very advanced stage. Preliminary geological and geophysical surveys were started by Teikoku Oil Company during 1963 under an interim search licence with favourable results.

70. *Chromite and Iron Ores.* The first major programme to search for metalliferous minerals was undertaken by Naylor Benzon and Company Limited (later registered locally as Borneo Mining Ltd.) in 1959, and, during the next four years, the Company's geologists examined epproximately sixty-five per cent of the outcrops of ultrabasic rock in Sabah for chromite, manganese, magnesite, and iron ores. The search was directed mainly towards the discovery of economic deposits of chrome ore. Small occurrences of chromite were found at over twenty localities, but it does not seem as if chromite ore exists in mineable quantity at shallow depth at any of the sites examined.

71. A nickeliferous iron ore deposit covering about six square miles, first found and investigated by the Geological Survey, was further investigated by the Company, who now hold an exclusive option to a mining lease in respect of this deposit until the end of 1968.

72. *Copper.* Although copper was known and prospected in Sabah during the early part of this century, the first systematic investigations have recently been undertaken in the Labuk Valley by two mining companies, Soriamont Investment Company and Malayan Miners, following a Geological Survey reconnaissance of the area.

73. Both companies have employed geochemical and geophysical methods in addition to normal geological prospecting, and although surface indications have been highly encouraging, subsequent drilling at two locations has failed to prove mineable ore. Soriamont Investment Company also prospected extensively in the Kinabalu area and the Segama Valley with discouraging results. Exploration by the two companies will probably continue after 1964 only if favourable underground indications are recorded by then.

74. *Other minerals.* Other minerals investigated by commercial interests include bauxite, coal, and nickel ore, but expenditure has been small, and the future interest in these and other minerals cannot be forecast at present.

TRANSPORT

75. The number of transport companies has increased from eight in 1959 (of which seven were Bus Companies) to seventeen in 1964 (of which sixteen are Bus Companies). Out of the increase of nine companies two are "new" companies in the sense that they are providing a service along new routes and seven have been formed by groupings of individual operators. The growth of public road transport is also shown in the following figures:

	1959	1964
Licensed Buses		
Buses	124	167
Public Service Vehicles-Landrover type	137	181
	261	348
Licensed Goods Service Vehicles		
"C" Licences	154	297
Permits	94	56
	248	353

76. In the case of licensed buses the increased number can be attributed to the construction of new roads and access to more of the population whilst in the case of goods service vehicles, the increase is linked to demands arising from a higher level of trading activity.

77. The growth in the number of transport companies is largely due, as explained above, to amalgamation of individual operators. This in turn can be attributed partly to the need to "group" in order to provide the capital required to maintain a fleet of vehicles and operate services efficiently and partly to the demands of the public which were not satisfied by individual operators.

78. Although neither Malayan (now Malaysian) Airways Limited nor Borneo Airways Limited is registered in Sabah, the Sabah Government has invested money in both. It should be noted that Malayan Airways Limited introduced Viscount aircraft in December, 1959, and replaced them with F. 27 aircraft in 1963, and supplemented them with Comet aircraft in 1964. It is estimated that the number of passengers leaving Jesselton by Malayan Airways Limited and Borneo Airways Limited to Brunei and beyond has risen from 8,240 in 1959 to 16,157 in 1963. Borneo Airways Limited has moved from a fleet of three Twin Pioneers to four DC. 3s and two Twin Pioneers. Whereas the Company flew 2,168,677 passenger miles in 1959, in 1963, it flew 6,352,981 passenger miles.

MANUFACTURING AND CONSTRUCTION

79. There have been no significant developments in manufacturing in the State during the period. On a minor scale, small units have been set up for—

manufacture of plastic ware
rubber shoes
soap
metal containers

but neither the production nor the scale of investment is significant.

80. Apart from Government building, building in the private sector has been very active. Some indication of the scale of this can be seen from the following rough estimated figures for the period 1959-1963.

	$	$
Sandakan		
Shophouses	3,250,000	
Godowns and industrial	3,500,000	
Private houses	4,000,000	10,750,000
Tawau		
Shophouses	2,844,000	
Godowns and industrial	500,000	
Private houses	1,050,000	4,394,000
Labuan		
Shophouses	1,372,500	
Godowns and industrial	570,000	
Private houses	1,680,000	3,622,500
Jesselton		
Shophouses	9,850,000	
Godowns and industrial	575,000	
Private houses	11,557,000	21,982,000
		40,748,500

SECTION 2 — PROGRESS IN THE PUBLIC SECTOR

(*a*) COMMUNICATIONS — (*i*) ROADS

81. Council Paper No. 31 of 1959 envisaged the expenditure of $20.8 million on roads and on road plant. The main projects arose out of consideration of the Report by Mr. J. R. Sargent on "Transport Requirements in the Light of Economic Development in North Borneo". Policy was set out in Council Paper No. 17 of 1960 and was accepted by Legislative Council in December 1960.

82. The total allocation of $20.8 million was broken down as follows:

	$ million
Plant	4.000
Road improvements	2.800
Feeder Roads	1.000
Town Roads	1.000
Communication Roads	
Mile 18 Sandakan/Telupid ...	2.520
Telupid/Ranau	2.800
From the West to Ranau ...	3.850
Beaufort/Weston	0.400
Jesselton/Papar	1.355
Balance	1.075
	20.800

83. Over the period the allocation for roads and road plant has been substantially increased to $41,652,828. There have been some increased costs and in particular the purchases of road plant have been greatly augmented. The breakdown is as follows:

	$
Plant	16,711,500
Road Improvements	3,796,000
Feeder Roads	4,235,000
Town Roads	2,464,000
Land Acquisition	493,800
Surveys and Consultants	517,000
Communications Roads	
Mile 18 Sandakan/Telupid	3,165,000
Beaufort/Weston	883,500
Jesselton/Papar	1,755,000
West Coast/Ranau Road	6,904,500
Tempasuk River Bridge	277,028
Grants to District Councils for Rural Communications ...	450,000
	41,652,328

84. Apart from the re-routing of the West Coast to Ranau Road to Penampang via Tambunan to Ranau instead of from Tamparuli and the deferment of construction of the road between Telupid and Ranau there were no substantial changes or alterations of the original plan in so far as the roads themselves were concerned. The broad approach adopted was—

(*a*) to provide an all-weather road from the West Coast to Ranau: the total length to be constructed involving the crossing of the Crocker Range is 94.5 miles; of this, thirty-six miles are estimated to have been completed by the end of 1964;

(*b*) to provide an all-weather road from Jesselton area to Papar (as part of an ultimate North/South road); involving the construction of 21.75 miles of road; this will have been completed by the end of 1964;

(*c*) to build a feeder road between the Kudat and Kota Belud road systems (as part of the ultimate North/South road) over a distance of sixty miles; this was completed;

(*d*) to build a feeder road between Papar (Ulu Kimanis) and Beaufort as part of the ultimate North/South road) over a distance of 35.5 miles; this is expected to be completed by the end of 1964;

(*e*) to provide a road between Beaufort and Weston in place of the Railway over a distance of 18.5 miles; this has been completed;

(*f*) to provide a road between miles eighteen Sandakan and Telupid over a distance of seventy-six miles to gain access to the natural resources of the Upper Labuk and to provide part of an ultimate connection between the East and West Coasts; at the end of 1964 this will have been completed.

85. Table 2-4 shows the approximate mileage of roads in various categories as at the end of 1959, the mileages completed during the current Development Period, and the estimated mileage at the end of 1964.

TABLE 2-2

	Mileage at the end of 1959	Miles completed during Development Period	Total Estimated mileage at the end of 1964
Bituminous Roads	230	33	263
Gravel Roads	70	397	467
Earth Roads	463	79	542
	763	509	1,272

86. Average costs of road construction per mile, excluding bridges, but including drains and culverts, were

E1 i.e. gravel road formation width not less than thirty-feet $40,000 per mile
E2 i.e. gravel road formation width twenty-two feet-thirty feet $30,000 per mile
F3 i.e. earth road formation width sixteen feet-twenty-two feet $10,000 per mile
F4 i.e. earth road formation width less than sixteen feet $5,000 per mile.

These costs are direct on-site costs only; that is they cover petrol, oil, lubricants, wages and materials, but do not include any element for plant charges (purchase, depreciation or maintenance) or supervision.

87. The main problems and conclusions reached on road construction were as follows:

(*a*) The construction of earth roads (without gravelling) in the Sabah climate stimulates development but leads to some frustration because of the need to use roads after rain. Such roads should therefore be restricted to kampong roads or feeder roads not exceeding about five miles in length.

(*b*) In urban areas, and in the approaches thereto, considerable and expensive works are required to deal with the rapidly rising volume of traffic.

(*c*) A system of plant hire charges should be instituted so as to provide more realistic costing. This was implemented in 1964.

(*d*) There is a limit to the amount of new road construction which the Public Works Department can reasonably undertake in a given period and beyond this point, and to the limit of available funds, use of consultants and contractors will need to be made.

(*b*) COMMUNICATIONS — (*ii*) POSTS AND TELECOMMUNICATIONS

88. The orginal provision for the period 1959-1964 under Council Paper No. 31 of 1959 was $840,000. This has been substantially increased, and at the end of 1963, the total approved provision was $5,002,500.

89. During the period under review, the aims have been to:

(*a*) increase the capacity of automatic exchanges in the main towns;

(*b*) to provide automatic exchanges in the smaller centres;

(*c*) to develop telecommunications between the main centres in the State by the use of a V.H.F. network and of the repeater station at Kambarangoh, 7,500 feet up on the slopes of Kinabalu;

(*d*) to provide equipment to meet the ever increasing demands of the public and of Government departments;

(*e*) to improve land lines wherever possible;

(*f*) to provide a basis whereby the SEACOM cable can be brought into the State, and used efficiently.

90. Table 2-3 shows the growth of telecommunication services in the State:

TABLE 2-3

	1959	1963
Revenue	$1,471,000	$2,630,000
Subscribers — Sandakan	525	875
,, — Jesselton	833	1,229
,, — Labuan	172	217
,, — Tawau	232	399
Total Subscribers	2,253	3,538
Capacity of Exchange — Sandakan	600	1,000
,, — Jesselton	1,000	2,000 (1964)
,, — Labuan	250	350
,, — Tawau	250	480

91. Development of postal services has been confined to the extension of the Post Office in Sandakan, and the setting up of a number of minor Post Offices/Telephone exchanges.

(c) COMMUNICATIONS — (iii) CIVIL AVIATION

92. The original provision under Council Paper No. 31 of 1959 was $1.395 million. This provided for—

	$
(a) Extension and improvements to Labuan airfield	750,000
(b) Provision for purchase of additional Twin Pioneer Aircraft ...	235,000
(c) Improvements to Sandakan airfield	60,000
(d) Feeder airstrips	300,000
(e) Share of the capital cost of Labuan Flight Information Centre ...	50,000

93. During the course of the development period additional funds were made available, the total provision being $6,639,350. The breakdown of this figure is as follows:

	$
Labuan Airfield	1,421,300
Sandakan Airfield	19,750
Telupid Strip	63,000
Sepulot Strip	121,000
Lahad Datu Airstrip extension	330,300
Hangar for Borneo Airways Ltd.	643,000
Jesselton Airport Fire Station	87,000
Flight Information Centre, Labuan Improvements	50,000
Apron floodlights, Jesselton	7,000
Tawau Airstrip Extension	284,000
Sandakan Terminal Building	10,000
Improvements to Ranau Airfield	10,000
Extension of Jesselton Airfield	2,000,000
Runway and Approach lighting, Jesselton	320,000
Modifications and Extensions of Terminal Building, Jesselton ...	200,000
Construction of Hangar and Maintenance area at Jesselton for Borneo Airways Limited.	1,000,000
Radio Beacon at Sandakan	60,000
Beacon Monitor Equipment	13,000
TOTAL LIABILITIES ...	6,639,350

94. Progress on the major works has been as follows:

(a) *Labuan Airfield.* The 150 feet wide runway has been reshaped, strengthened and surfaced with premixed bituminous asphalt and an additional parking area provided.

(b) *Feeder airstrips.* New feeder airstrips have been constructed at Telupid and Sepulot.

(c) *Lahad Datu Airstrip* has been extended to 3,600 feet with two 200 feet stopways. The strip is a 100 feet wide gravelled strip.

(*d*) *Tawau airfield*. This has been extended to 4,500 feet with two 200 feet stop-ways. The strip is a 100 feet wide gravelled strip.

(*e*) *Jesselton Airfield*. The runway has been lengthened to 6,300 feet with two 200 feet stop-ways and widened to 150 feet and when completed the bearing strength will have improved. In addition, the parking area has been extended. In the course of 1964, runway and approach lighting and the modifications and extensions of the terminal building were being carried out.

(*f*) A hangar has been constructed at Labuan, mainly for the use of Borneo Airways Limited, but a policy decision has been taken by the Company to remove its Headquarters from Labuan to Jesselton and a New and similar hangar was in the course of construction in 1964 in Jesselton.

95. Table 2-4 shows the increase of air traffic in the State of Sabah during the course of the period 1959-1964:—

TABLE 2-4

	1959	1963
(*a*) Movements of civil aircraft at Jesselton	3,303	4,453
(*b*) Movement of civil aircraft at Sandakan	1,609	2,728
(*c*) Movement of civil aircraft at Tawau	558	974
(*d*) Movement of civil aircraft at Lahad Datu	846	1,474
(*e*) Total number of passenger miles flown by Borneo Airways Ltd.	2,168,677	6,352,986

Noteworthy features of development of Civil Aviation in the course of 1959-1964 were:

(*a*) The introduction of Viscount aircraft between Singapore and Sabah in December 1959, their replacement by Fokker F. 27 aircraft in 1963, and an increase in services from four to nine a week;

(*b*) the introduction of Electra aircraft on the route between Hong Kong and Sabah in November 1962, with an increase of frequency to two a week;

(*c*) the replacement of Twin Pioneer with Dakota aircraft by Borneo Airways on East Coast services in 1962;

(*d*) the establishment of scheduled services for Twin Pioneer aircraft to Sepulot in 1963;

(*e*) the introduction of Comet services between Kuala Lumpur, Singapore and Sabah in April, 1964

(*d*) COMMUNICATIONS—(*iv*) NAVIGATIONAL AIDS PORTS AND HARBOURS, AND MARINE

96. The total sum made available for the period 1959—1964 was $8,454,048. The major projects were as follows:—

(*a*) *Tawau Wharf Stage II*—$1,100,000. The new Tawau Wharf, length 650' and at least depth alongside of 22' together with godowns, and port area buildings were completed in 1964.

(*b*) *Navigational Aids* $1,050,000. An extensive programme for the installation of new lights, buoys and beacons together with the provision of a new lighthouse tender, is expected to be virtually completed by the end of 1964.

(*c*) *Port floating and communications equipment*—$375,000. New harbour launches and a tug/fire float have been provided for $365,000 and radio equipment installed at a cost of $10,000.

(*d*) *Kudat Wharf*—$1,500,000. A new 300' x 40' wharf and a reclaimed area for the port area were completed in 1964.

(*e*) *Kunak Oil Palm Terminal*—$500,000. It is hoped that the coral mole 2340' long and the jetty 10' wide x350' long with a working platform 30' x 30' maximum depth alongside 33' will be completed in 1964 to provide for the loading of palm oil at Kunak.

(*f*) *Lahad Datu Wharf*—$1,150,000. Consultans were engaged to draw up a plan for a new port area and a new 200' x 40' wharf. Work during the period was confined to access and to reclamation works for the new port area. The major part of the works will be carried out during the period 1965-1970.

(*g*) *Semporna Wharf* — $495,000. A new 150' x 30' wharf was in the course of construction in 1964.

(*h*) *Slipways, Labuan and Sandakan* — $500,000. The original intention was to build a 300-ton slipway at Labuan and a 100-ton slipway at Sandakan. Policy was changed in view of the size of security craft in Sabah waters and it was decided to build a 500-ton slipway at Labuan. Work was in progress in 1964.

(*i*) *Oil Jetty Jesselton* — $500,000. As a matter of policy it was decided to break with past practice which allowed the pumping of inflammable fuels over the general wharf. At the same time the provision of a common-user oil jetty will free space at the wharf. Design work was completed in 1964, and construction should have commenced before the end of the year.

97. The use of Sabah's ports has continued to grow rapidly, mainly as a result of the expansion of the timber industry. Table 2-5 shows the tonnage of shipping using, and the volume of cargo handled at the various ports.

TABLE 2-5

	Tonnage of Shipping Gross Registered Tons		Volume of Cargo tons	
	1959	1963	1959	1963
Jesselton	839,168	1,322,425	107,859	178,255
Sandakan	2,225,993	3,152,139	744,127	1,155,446
Tawau	558,968	1,271,908	100,388	286,949
Labuan	1,319,943	1,804,695	217,365	296,473
Lahad Datu	302,075	771,539	44,250	84,113
Semporna	297,923	623,780	26,068	70,103
Kudat	327,598	447,196	24,572	26,780
Wallace Bay	531,391	689,332	127,843	193,971
Bohihan Island*	503,407	591,853	85,535	111,962
Bukapit*	635,635	279,086	86,359	10,147
Miscellaneous	18,471	—	4,870	—
Total including the Minor Ports ...	7,560,572	10,953,943	1,569,237	2,414,199

(*e*) COMMUNICATIONS — (*V*) SABAH STATE RAILWAYS

98. During the period 1959-1964 the Government's policy in regard to the Railway was as follows:

(*a*) the Railway could not be replaced by a road system during the development period 1959-1964;

(*b*) the Railway sectors Tenom/Melalap and Beaufort/Weston should be closed;

(*c*) sooner or later the Railway would be replaced or supplemented by roads and road transport (if only in response to public preference), but the speed at which such replacement should take place must depend on availability of development funds, on other competing claims on such funds, and on the level of Sabah's economic prosperity.

99. The sum of $1 million was allocated for Railway development and this has been used for the purchase of a Diesel passenger train set and two 15-seater railcars and also to effect improvements to rolling stock and to the permanent way and for the purchase of workshop machinery.

100. The Beaufort/Weston railway line was closed in July, 1963, and access to Weston is now gained by a gravel road on the south side of the Padas river which road also connects with the road to Mesapol and Sipitang. No steps have yet been taken to close the railway between Tenom and Melalap.

(*b*) PUBLIC UTILITIES — (*i*) WATER SUPPLIES

101. The allocation for the development of Water Supplies for the period 1959-1964 under Council Paper No. 31 of 1959 was $2 million. It proved possible to expand this considerably to $6,715,000 (apart from a balance of $350,000 from the 1957 Loan Ordinance). The total funds available were therefore $7,065,000.

102. The development of water supplies has been a continuing process made necessary by the rapid growth in demand in the main centres, and by the need to provide smaller communities with piped water supplies. The figure of $7,065,000 represented provision towards a target which in 1962 was estimated at over $9 million.

103. Table 2-6 shows how the sum of $7,065,000 has been allocated amongst the various supplies, and the amount estimated to have been spent by the end of 1964:

*Timber loading ports.

TABLE 2-6

	Allocation	Estimated Expenditure up to the end of 1964	Balance
	$	$	$
Jesselton	1,687,032	1,687,032	—
Tuaran	50,000	50,000	—
Tamparuli	600,000	600,000	—
Kota Belud	19,000	19,000	—
Kudat	600,000	362,657	237,343
Sandakan	1,675,000	1,675,000	—
Lahad Datu	300,000	300,000	—
Semporna	225,725	225,725	—
Tawau	273,998	273,998	—
Keningau	58,945	58,945	—
Tenom	—	—	—
Beaufort	64,306	64,306	—
Labuan	550,000	550,000	—
Papar	593,600	593,600	—
Minor Supplies, Menggatal		included in Jesselton	
Ranau	200,000	160,000	40,000
Sipitang/Mesapol, Membakut	—	—	—
Weston	—	—	—
Miscellaneous	70,000	50,000	19,525
Purchase of meters	10,000	40,000	30,000
Contingencies	87,394	29,725	57,669
Unallocated	—	—	—
	7,065,000	6,740,463	324,537

104. The Director of Public Works is the Water Authority for the purposes of the Water Supply Ordinance No. 16 of 1961. Policy has been to meter all consumers, and a programme to implement this is up to date. The cost of water has set at $2 a thousand gallons for a filtered and $1 a thousand gallons for a non-filtered supply. The Water Authority has prepared statements of its operations for 1962 and 1963 but even on the basis of these charges, it is apparent that the supplies, overall, are being operated at a deficit. The statements for the year 1963 are shown in Appendix B.

105. The following notes draw attention to the major works put in hand during the period 1959—1964 and some of the major problems remaining:—

(*a*) *Jesselton.* The 1958 Scheme which takes water from the Moyog River, treats it and pumps it to town has a nominal supply of 1½ m.g.d. though in practice it cannot regularly supply more than 1¼ m.g.d. By 1963 consumption was 1.23 m.g.d. and the principal work has been to raise output to 2 m.g.d. by the installation of additional pumps and a second main of 18" diameter. The programme was as follows:—

	$
Extension to Sembulan, Inanam, Donggongon, Kasigui ...	436,743
Extension to Menggatal	67,032
Increase of supply to filters	89,000
New 18" main	954,500
Contingencies	132,825
	$1,680,100

(*b*) *Tuaran and Tamparuli.* A standby generator has been provided for Tuaran supply, and a .300 m.g.d. supply is being developed at Tamparuli. This will allow integration of the Tuaran and Tamparuli supplies to be achieved later if developments render it desirable.

	$
Tuaran standby generator	50,000
Tamparuli supply	600,000
	$650,000

(*c*) *Kudat.* An extended ground water collection scheme has been established and rural reservoir constructed.

	$
The yield is approximately .180 m.g.d	500,000
Consultants have been engaged to investigate a long term impounding scheme. The fees for the preliminary report are likely to be	100,000
	$600,000

(*d*) *Sandakan.* This supply presents more problems than any of the others. In the course of the period a new 1.5 million gallon service reservoir has been constructed, and additional boreholes have been sunk; filters have been improved. Nevertheless, the present town supply is capable of yielding under 1 m.g.d. and possibly only about half the present population of about 30,000 use the town supply. It is estimated that the potential demand by 1968 might be 2.5 m.g.d. Consultant engineers are therefore carrying out investigations into a long-term supply for Sandakan. Funds are being spent as follows:—

	$
Service Reservoir	650,000
Additional boreholes	120,000
Improvements to filters	100,000
Mains extensions and meters	90,000
Consultants' fees and investigations	685,000
Contingencies	30,000
	$1,675,000

(*e*) *Labuan.* Additional boreholes have been dug and new pumping equipment is being installed. The construction of a treatment plant is in hand. These works should enable .300 m.g.d. to be supplied with the possibility of doubling it to .600 m.g.d. The construction of permanent military bases may however increase demand beyond the capacity of the present wells.

(*f*) *Papar.* A new supply has been constructed comprising a river intake service reservoir and distribution. This supply is capable of supplying, .300 m.g.d.

(*b*) Public Utilities — (*ii*) Sewerage

106. No major works have been carried out during the development period 1959—1964 for the development of sewerage services and only minor extensions have been dealt with.

107. The main towns of the State all have waterborne sewerage services designed mainly by engineers of the World Health Organisation. It is apparent that the installations put in a number of years ago will have to be substantially expanded as a result of the growth of the towns.

108. The sewerage services in the various towns are operated by Government, but agreements are entered into between Government and the Local Authorities whereby the Local Authority pays a rent for the sewerage services. In order to meet the liability of the sewerage service rental, etc., a Local Authority is required to levy up to a seven per cent rate. In so far as a seven per cent rate is not sufficient to meet the rental, the balance is treated as a Government subsidy.

(*b*) Public Utilities — (*iii*) Electricity Supplies

109. At the end of 1964, the financial structure of the Sabah Electricity Board is expected to be as follows:—

	$
(*a*) Ordinary stock held by the State Government	6,000,000
(*b*) Debenture held by Government	4,000,000
(*c*) Loan from Malayan Employees Provident Fund	4,000,000

110. In December, 1961, the Government of the then Colony of North Borneo, approved the following principles relating to the Board's financial policy:

(*a*) Tax-payers who do not have electricity should not subsidise the Board. The Board therefore accepts moral liability to pay a dividend of five per cent on its ordinary capital, taking one year with another, with effect from the 1st January, 1960.

(*b*) The Board accepts the view of the International Bank for Reconstruction and Development that an expanding electricity undertaking should finance at least forty per cent of its development programme from revenue, including provision for depreciation and other reserves, taking one year with another.

(*c*) The Board also accepts the International Bank's recommendation that an expanding electricity supply organisation should set aside an annual reserve of at least one per cent of its total liabilities in respect of debentures and loans, including bank overdraft.

(*d*) The Board will extend supply mains and develop new undertakings wherever these promise to break even.

(*e*) With effect from the 1st January, 1963, capital sums should be set aside for the development of otherwise uneconomic rural supplies, provided that the degree of cross-subsidy of uneconomic stations by those which are economic does not prejudice the development of cheap electical power for industrial purposes.

The principles continue to apply.

111. During the course of the period 1959-1964, the demand for electricity has increased very rapidly as may be seen from the following Table 2-7

TABLE 2-7

	Installed Capacity M.W.	*Consumers*	*Units sold*	*Dividend*
1957	2,317	2,461	3,860,000	1%
1958	3,602	3,319	5,781,500	3%
1959	5,692	6,462	9,490,107	2%
1960	7,849	7,163	13,744,439	3%
1961	9,684	8,110	16,500,550	5%
1962	11,184	8,887	20,408,412	5%
1963	11,930	9,945	26,141,720	5%
1964	(Estimated) 16,348	11,030	31,557,280	5%

112. As regards rural electrification, the policy of the Board has been as follows:—

(*a*) There must normally be a minimum of one hundred potential consumers;

(*b*) the supply area should be within reasonable distance of the Board's H. T. system if a twenty-four hour supply is required when the consumers would either be metered or provided with current limiters paying a fixed charge;

(*c*) areas which cannot be supplied from H. T. mains should preferably be within road and rail communication of the Board's undertakings. A restricted supply from 6 p.m. to 6 a.m. from semi-automatic diesel generators will be given in the first instance with the majority of consumers paying a fixed charge a month;

(*d*) to set aside up to $200,000 p.a. towards the capital cost of these rural services, each estimated to cost $40,000.

113. These rural schemes cannot be expected to pay their way initially, but the degree of subsidy must be controlled as the development of cheap power for industrial purposes will be prejudiced. To this end, the policy of the Board is:—

(*a*) where the estimated surplus of revenue over station expenditure, including provision for depreciation but excluding interest, is fifteen per cent or more of the proposed capital investment, the rural supply will be regarded as normal development;

(*b*) where the surplus is between fifteen per cent and seven per cent, the service will be undertaken against the annual allocated reserve of $200,000;

(*c*) where the surplus is less than seven per cent, the Board will not undertake the scheme unless there is an agreed subsidy.

114. Rural supplies have been installed as follows:—

Lungab
Putatan
Weston
Mesapol
Sipitang
Ranau
Kota Belud
Menggatal
Membakut
} taken on in 1964

115. The main stations of the Board are at:—

Jesselton
Sandakan
Tuaran
Labuan
Papar
Tenom
Keningau
Kudat
Lahad Datu
Tawau
Beaufort (to be taken over at the end of 1964)

116. With the growth in demand for electricity, and the likelihood that there will be some expansion of rural electrification, consideration has been given to the ways and means of meeting the demand, technically and financially. Investigations are being made into the possibility of developing hydroelectric potential of the Papar River for power generation for supply to the Jesselton area.

(*c*) Other Economic Services — (*i*) Agriculture

117. The original allocation of funds for agricultural development for the period 1959-1964 under Council Paper No. 31 of 1959 was $1.251 million. During the period it proved possible to expand this to $7,958,546 under Council Paper No. 63 of 1963 and further commitments were entered into in the course of 1964.

118. In 1959 the Department was without the essential material which became available after the Population Census and the Agricultural Census in 1960. These two documents have provided a basis on which the Department can plan: as additional funds have become available during the period, the Department has been able to place greater emphasis on the direct needs of the people in addition to the establishment of agricultural institutions, training and demonstration centres.

119. It should be added that despite the figures quoted in paragraph 117, much more has been done than the allocations suggest, in that—

(*a*) Research Centres have been established at Tuaran for more general investigations and at Tawau and near Sandakan for Cocoa and Oil Palms respectively. The capital costs of these centres amounting to over $1¼ million have been financed as to ninety per cent by the British Government and are not covered by the general development finance referred to in paragraph 38;

(*b*) detailed agricultural investigations have been carried out in the Labuk Valley as part of the United Nations Special Fund Natural Resources Survey which is dealt with in a separate section of this chapter;

(*c*) the Rubber Fund Board with the funds at its disposal mainly from the cess has financed the new planting of 60,000 acres and replanting of 2,700 acres of smallholder rubber over the five-year period up to the end of 1963. Applications for further planting in 1964 amount to some 11,000 acres;

(*d*) the Credit Corporation with its own finances has issued loans amounting to approximately $700,000 for agricultural purposes during the period 1959-1964.

120. There have been two major developments in policy which are likely to have marked effect on the economy of the smallholders:

(*a*) Since 1962 the sum of $3 million has been allocated for planting and minor resettlement schemes; this money enables the administration and the Department of Agriculture with flexibility to assist small farmers with the provision of new planting material, fertilisers and fencing, and pay subsistence allowances while new crops are growing and provide other forms of assistance to improve the smallholders' lot. By 1964 over one hundred planting and/or minor settlement schemes had started operations on the ground and a further fifty are at the planning stage. These schemes will cater for some 20,000 families of whom 3,800 are already in residence. At present 5,200 acres of wet padi and over 11,000 acres of permanent crop have been planted; when fully developed they will involve over 11,000 acres of wet padi and some 170,000 acres of permanent crop.

(*b*) At the end of 1963 the State Government announced a new Land Alienation Policy and publicised under the slogan Kayu dan Kerja jadi Kebun dan Kaya which aims to ensure that the profits accruing in the exploitation of timber outside concession and special licence areas is used for the benefit of smallholders throughout the State through the medium of settlement schemes.

121. The following refers to other major developments achieved during the period 1959-1964.

(*a*) *Klias Oil Palm Development — Settlement Scheme*:
Decision was taken in early 1964 to proceed with extensive drainage works in the Klias Peninsula with a view to making available at least 3,600 acres of land for a smallholder oil palm settlement scheme. The bulk of the expenditure will fall in the new period 1965-1970.

(*b*) *Oil Palm Pilot Schemes.*
Preparations are in hand, smallholders have been selected and nurseries established, for two pilot schemes at Mile 32 Labuk Road, Sandakan, and at Limbawang, Beaufort.

(*c*) *Agricultural Stations and Training Centres.*
Stations and Centres have been set up at the following places during the period 1959-1964:

Gum-Gum (Sandakan)	Kuala Penyu
Pemalau (Keningau)	Sequati (Kudat)
Lahad Datu	Bandau
Semporna	Lohan (Ranau)
Binaong (Keningau)	Kota Belud
Penampang	Bongawan (Papar)
Sipitang	Tambunan

and a start made at Pintasan (Kinabatangan). All the above except Binaong and Pintasan incorporate Training Centres with accommodation for trainees on short courses.

(*d*) *Tawau Settlement Scheme.*
Over a million dollars have been set aside for a settlement scheme at Mile 17 Quoin Hill Road, Tawau. At the end of 1964 it is estimated that there will be 100 families on the scheme whose main crop will be rubber and eighty families whose main crop will be oil palms. The schemes provide for the settlement of 300 families in all.

(*e*) *Animal Husbandry — Extension and Training Schemes.*
A sum of $240,000 has been made available for dispensaries and quarters and the development of veterinary stations and the provision of transport and boats.

(c) Other Economic Services — (ii) Credit

122. For the purposes of the 1959-1964 Development Plan it was decided to create a specific section for Credit to cover Government lending to various institutions, boards and authorities. The initial provision under Council Paper No. 31 of 1959 was $2,000,000 but this was expanded to $6,878,460 under Council Paper No. 63 of 1963.

123. Almost $6,000,000 were absorbed by loans to, or investment in, the Sabah Electricity Board. The balance was for loans to Local Authorities, to the Pauper Fund, and for investment in Borneo Housing Development Limited and Borneo Development Corporation Limited.

(c) Other Economic Services — (iii) Lands and Surveys

124. The total provision for Lands and Surveys in the 1959-1964 Development Plan at the latest review in 1963 was $4,649,000.

125. Apart from the provision for special equipment and routine land acquisition, the bulk of the outlay has been for reclamation of an area of 32.5 acres to the North of Jesselton Wharf which is planned for alienation as godown/industrial lots, and also for bulk oil storage, and for the railway goods station. This work will have been completed in 1964. In addition, provision has been made of over half a million dollars for a special programme to accelerate the survey of native titles.

126. The most significant development in the course of the period was the establishment of techniques for the survey of titles by means of air photography, and this has enabled a backlog of land applications to be dealt with and also for new land applications to be dealt with more speedily. It is estimated that the backlog of applications which stood at 17,900 in 1959 will have been reduced to 8,600 by the end of 1964. The flow of new land applications is now running at about 3,900 a year.

(c) Other Economic Services — (iv) Drainage and Irrigation

127. The total funds available for the period 1959-1964 were $2,057,000. Allocations were made for both agricultural and urban works.

128. On the agricultural side, the works were: —

(a) *Irrigation works, Keningau Plain* — $810,000. This has involved the construction of 18½ miles of irrigation ditch and will enable 4,500 acres of new padi land to be developed.

(b) *Klias drainage* — $30,000.

(c) *Papar/Benoni — Drainage and Irrigation Scheme* — $145,000.
These two provisions were to complete projects carried out prior to 1959.

(d) *Minor drainage and irrigation* — $242,000. This provision has enabled minor improvements to be made and also to bring irrigation water to a number of padi areas which at present rely on rainfall only.

(e) *Extension of reclaimed areas, Tuaran* — $150,000.
Prior to 1959 an area in Tuaran was bunded from the sea and drained, and the land available was extended. Further extensions were carried out in the period 1959-1964.

129. As regards town drainage, the sum of $702,000 was provided for works at Tawau and Kudat.

(c) Other Economic Services — (v) Labuk Valley Natural Resources Surveys

130. The Plan of Operations was signed on the 11th August, 1961, between the British Government, the Director, Bureau of Operations United Nations Special Fund and the Director of the Special Fund Activities, United Nations, for the carrying out of surveys of the Labuk Valley to obtain data on the natural resources of the Labuk Valley, to analyse the data and to prepare a draft development plan of the region. The Plan of Operations provided for the expenditure of US$769,900 and for the then North Borneo Government to provide counter-part contribution valued at $1,138,098.

131. The United Nations made available the services of a Project Manager, four Land Surveyors, two Soil Surveyors, one Agronomist, two Hydrologists and two Geologists. Investigations by these United Nations staff together with the Government staff proceeded during the course of 1962-1963. The Plan of Operations provides for the following tasks to be completed in three years from the date of the commencement of the field operations, viz. 30th September, 1964:

(*a*) soil surveys over an area of about 3,000 square miles, together with the establishment of a number of trial plots;

(*b*) hydraulic investigations over the same area in order to plan irrigation projects;

(*c*) road, settlement and potential urban surveys;

(*d*) geological investigations over about 400 square miles to be carried out initially with emphasis upon geochemical techniques to be followed up where warranted by geophysical methods and other mineral exploration methods; and

(*e*) the preparation of a general development plan for the Labuk Valley.

The final report and development plan will be made available to Government by the 31st December, 1964.

132. The following tasks will be completed sufficient for the preparation of the final report and development plan:—

(*a*) Soil surveys and agronomy investigations.

(*b*) Arterial roading, assessment of potential settlement land and urban centres and basic data for the assessment of potential wet padi development and other development requirements.

(*c*) Mapping in sufficient detail for the future physical development of the Project area.

(*d*) The establishment of hydrological stations within the Project area with a range of records limited in most cases to periods of twelve months and less.

(*e*) The preliminary assessment of the wet padi potential of certain selected areas and the hydro-electric potential.

(*f*) The completion of geochemical investigation for copper and nickel as at 30th June, 1964, the assembled data of which will require to be assessed to determine the merits and economy of follow-up geophysical surveys and other exploratory surveys.

133. There will however be two deficiencies in the operations at the end of the period allocated:—

Hydrological

(*a*) Lack of sufficient hydrological records to assess fully the development requirements of hydro-electric schemes, wet padi development and river control.

(*b*) Need to investigate more fully hydrological factors and engineering development plans of wet padi areas.

Mineral resources

134. In July, 1964, following the scheduled visit of the consultant geochemist, a decision was made—on the basis of the assessment of the results of the geochemical surveys — as to the merits and economy of arranging sub-contracts for follow-up geophysical surveys and other exploratory surveys. Tenders for such sub-contracts would be obtained in the later part of 1964. Geophysical surveys would commence early in 1965 and be continued possibly to the end of 1965.

(*d*) Social Services — (*i*) Education

135. The total provision for Education under Council Paper No. 31 of 1959 was $6,035,000. It proved possible to expand this considerably and the revised allocation for Education under Council Paper No. 63 of 1963 was $18,221,619.

136. At the time of the preparation of the 1959-1964 Development Plan, the 1960 Census had not been taken and thus there was no reliable framework of population figures in which to plan. After the 1960 Census figures had become available, and when population projection figures had been prepared, policy was reviewed. This can be summarised as follows:—

(*a*) Primary education (a six-year course for the present) should be provided for every fit child in Sabah i.e. 100-105,000 children by 1971;

(*b*) secondary education should be provided for all children who have the ability to take advantage of it, and thirty secondary schools should be provided by 1976, providing 15,000 additional places;

(*c*) additional teachers' training colleges should be provided to yield 1,000 new primary teachers before 1970;

(*d*) expand technical and post-primary education.

137. This new and fundamental approach (the capital cost implications of which were estimated at $40,000,000) was not accepted until late in 1961, and therefore a relatively small advance could be made during the period 1959-1964. The following notes show what has been achieved:—

Primary Schools

(*a*) There were 20,736 pupils in primary schools in 1951; in 1960 there were 46,957 (figures are September, 1950 and September, 1960 enrolments respectively);

(*b*) On 1st January, 1961, there were 52,161 primary school places providing for 64.2 per cent of the children of primary school age (81,250);

(*c*) by the end of 1964, the number of primary school places is estimated to be 75,000 providing for 76.6 per cent of the children of primary school age (97,900).

Note. (Primary school age is taken as 6-11 though there are a considerable number of children in schools over that age).

Secondary Schools

(*a*) At the beginning of 1960, there were 3,800 secondary school places, of which 860 were in Government schools, and 2,940 in grant-aided schools;

(*b*) at the end of 1964, there are estimated to be 8,200 secondary school places, of which 2,000 are in Government schools and 6,200 in grant-aided schools.

Teachers Training

(*a*) In 1960, Kent College had places for 210 trainees and the outturn was ninety a year.

(*b*) The capacity of Kent College has not been expanded but Gaya College has places for 240 trainees and when fully established the outturn will be 120 teachers a year.

138. The principal works undertaken were as follows:—

Primary Schools

385 classrooms will have been constructed by Govrnment providing places for 17,500 pupils, though some of the classrooms will have been replacements.

Secondary Schools

Five schools have either been constructed or are under construction by Government at Keningau, Ranau, Papar, Tamparuli and Semporna providing 800 places.

139. Sabah College, Jesselton, has been extended to provide an additional ninety places. Junior Secondary Schools at Kudat, Tawau and Labuan have been extended to provide an additional 420 places.

Teachers' Training College

Gaya College was opened in 1963.

School Building Grants

$3,104,000 will have been paid out to grant aided schools to pay fifty per cent (and in certain cases 100 per cent) of the cost of buildings both for primary and secondary schools.

Technical Training

Work was in hand in 1964 to provide a Specialist Trade Centre at Sandakan.

(*d*) Social Services — (*ii*) Medical

140. The original planned provision for the development of medical services during the period 1959-1964 was $2,234,000. It proved possible to expand this considerably and under Council Paper No. 63 of 1963, the total provision authorised was $7,069,000.

141. It is emphasised that the Malaria Eradication Campaign which, with invaluable assistance from W. H. O. and U. N. I. C. E. F. has had remarkable results, together with the modest Tuberculosis Control Campaign have not been financed under the Development Plan 1959-1964 but have been carried on the ordinary budgets of the then Colony of North Borneo and later of the State of Sabah.

142. The two major schemes, planned and undertaken during the 1959-1964 period are the construction of a new 262 bed major hospital at Tawau at a cost of about $3½ million, and the extension of the Outpatients' Department at the Queen Elizabeth Hospital at Jesselton which will at the same time provide for new or extended dental and ophthalmic units, and for a physiotherapy unit, at an estimated cost of $828,000. Neither of these works was completed at the end of 1964, and the cost of the latter will be considerably heavier than was first estimated.

143. Lahad Datu and Tenom Hospitals have both been extended to provide fifty-one and fifty-nine beds respectively.

144. Provision of $750,000 was made to enable a start to be made on a new mental hospital at Jesselton to replace the present hospital at Buli Sim Sim in Sandakan. Land has been acquired, and preliminary designs have been completed, but the execution of this project will be in the 1965-1970 period.

145. Rural Health Nurses Training Schools have been provided at Jesselton and Sandakan. Rural dispensaries have been, or are being, built at Kunak, Padas Damit, Bongawan, Paginatan and at Sindumin, and a Health Centre at Tawau. Two marine dispensaries have also been provided for work in the Kudat area and on the East Coast.

146. Council Paper No. 8 of 1963 laid down the programme for the development of medical services up to 1970, and this document which could scarcely be a material factor in the 1959-1964 period will condition plans for the period 1965-1970.

(*d*) Social Services 17 — (*iii*) Broadcasting

147. The original total planned provision for the 1959-1964 period was $1,000,000 and this was subsequently increased to $1,368,000.

148. Progress in the development of broadcasting services has been slow partly because of the extensive technical investigations required and the intractable problem of local short-wave transmissions, apart from expenditure on the completion of the Jesselton studios and relatively minor outlays on a receiving aerial station and on investigations, and also on a transmitter, masts and stand-by generators.

149. In 1963, it was possible to proceed with a major scheme details of which may be summarised as follows:

(*a*) the present single High Frequency transmitter serving the whole territory and the single Medium Frequency transmitter for the Jesselton area are inadequate to provide countrywide coverage and simultaneous transmission in different languages;

(*b*) High Frequency short wave broadcasting is unsatisfactory because of the congested nature of short-wave bands and because of the seasonal interference with transmission producing distortion and fading;

(*c*) Medium Frequency broadcasting will only give coverage in a restricted area;

(*d*) VHF (very high frequency) broadcasting however depends on a quasi-visual path, and from a selected point on Kinabalu it is possible to see nearly every part of the territory with the exception of the Kudat peninsula;

(*e*) the proposition is that broadcasting in Sabah should be by VHF and by MF; the former will provide a signal to most parts of the territory and will be fed to the MF transmitters in the densest population areas. In such cases there will be no need for the listeners to purchase a VHF set for reception;

(*f*) for those in remote areas, HF transmission will continue for a transitional period; it is expected that after the introduction of VHF all sets imported will incorporate a VHF band;

(*g*) the new transmission system would allow for two simultaneous transmissions and therefore has dual transmitters for each programme at every transmitting point;

(*h*) the VHF transmitters will be on Kinabalu; their signal will be picked up at Jesselton, Sandakan, Tawau, Lahad Datu and Kudat and transmitted thence on MF. Tenom will have one medium wave transmitter and the programme radiating therefrom will cater mainly for the Murut people of the Interior. Listeners in rural areas such as Tambunan and Ranau will be served either by direct VHF broadcasts (which will be ineffective until such time as people there have VHF sets) or by the present short-wave (HF) transmission;

(*i*) the system to be brought about in two stages:—

Stage I — the main VHF station on Kinabalu, the MF relay station and transmitters at Sandakan, Jesselton and Tawau;

Stage II — Lahad Datu, Kudat Peninsula and Tenom.

(*d*) Social Services — (iv) Training

150. Specific provision of $592,000 was made in the course of the 1959-1964 Development period for capital expenditure on facilities for training of Government staff. Works carried out included an in-service training centre, a training centre for the Public Works Department and an extension of the Agricultural Training Centre at Tuaran. An extension was made to the Nurses' Hostel in Jesselton.

(*e*) Public Buildings and Quarters

151. The total provision for Government buildings and quarters, excluding those specifically provided as part of a development project is $24,408,385.

152. The major public buildings constructed, or under construction, during the period 1959-1964 and financed from within the above provision have been—

(1) the Istana,
(2) the High Court and Magistrate's Court, Jesselton,
(3) the Lands and Surveys Office in Jesselton,
(4) the Forestry Department Headquarters in Sandakan,
(5) the expansion of the Central Government Office in Jesselton.

Other major public buildings, the costs of which were separately met, were the new Customs Houses at Jesselton and Tawau and Radio Sabah.

153. It is estimated that approximately $13.5 million will have been spent on the construction and improvement of quarters during the period 1959-1964. Government policy is to avoid the construction of quarters for locally recruited staff in the main centres and to this end Government pays a house allowance to encourage officers to build or rent their own accommodation and also subsidises the interest rate imposed by the Building Society when an officer builds his own house. This policy has had a marked success in Jesselton and to a lesser degree in Sandakan. In other places it cannot be expected that Government staff who are liable to posting throughout the State will build their own houses, and further, it is often most difficult for them to rent accommodation privately.

(*f*) Miscellaneous

154. In the 1959-1964 Development period it was necessary to make provision for a number of items of mainly capital expenditure which could not be conveniently placed under any of the headings of the Plan for that period. The total provision was a little over $8,000,000 and the following summarises the main allocations made:—

	$m.
Staff for Development	9.401
Surveys and investigations	1.071
Electrical appliances	.350
Rubber Foam products	.136
Anti-erosion works	.275
Architects' and consultants' fees	.510
1960 Population Census	.364
Rural Development Works	.500
Power Station, Kamburangoh	.665

(g) — Public Works Department Workshops, Offices and Other Miscellaneous Requirements

155. The total provision for Public Works Department workshops and other requirements for the purpose of the 1959-1964 Development Plan, at its last review in December, 1963, was $2,331,800.

156. This covered the following:—

	$
(a) Additional workshops in outstations	765,800
(b) Quarters for technicians	300,000
(c) Expansion of materials and hydraulic laboratory ...	116,000
(d) Electrical workshop equipment	100,000
(e) Extension of stores, and workshops, Sandakan ...	50,000
(f) Extension of stores, Jesselton	100,000
(g) P.W.D. construction works	800,000
(h) Tools and workshop equipment	100,000

157. This outlay was necessary to cope with the considerable expansion of the Development Plan during the period, but it is apparent that facilities for the Public Works Department throughout the State represent a continuous commitment and further substantial expenditure will have to be faced during the next development period.

CHAPTER III

SABAH'S DEVELOPMENT PLAN FOR 1965-1970

Long-Range Goals and Basic Policies

158. Looking ahead for a generation or more, Sabah has four long-range development goals:

1. To promote economic growth as fast as Sabah's human resources permit.
2. To develop Sabah's human resources as fast as circumstances permit, with emphasis on education and training for modern life and for those occupations needed in Sabah.
3. To provide for the people of Sabah a widening range of modern economic and social services, within the resources available.
4. To limit and reduce economic and social inequalities, especially through improvements in the living standards and welfare of the poorest and most backward elements of Sabah's population.

159. Several established policies provide much of the context within which these long-range goals will be pursued. Sabah seeks progressively closer links with the other parts of Malaysia, so that Sabahans become full members of the national community, not only in economic and social standards but also in feelings of oneness with, and loyalty to, the nation. The society Sabah is building is one of freedom, in which Sabahans have free political choice as well as freedom in economic matters — to hold private property, to choose occupations, and live without excessive government interference. At the same time the Federal and State Governments seek to protect the people against a variety of hazards: an evolving network of economic and social services protects health and assists the indigent; the police maintain law and order and combat the traditional evil of piracy; and the military forces defend them against foreign aggression.

Objectives of the Plan for 1965-1970

160. During the six-year period 1965-1970 the following principal development objectives will be pursued:

1. To open up new land and settle thereon 12,000 families now lacking adequate farmland; to develop efficient methods of cultivation by these settlers and by Sabah's farmers generally, and so increase the productivity of the State.
2. To expand primary education so that by 1970 it will be available to all but a very few children of appropriate age, to make secondary education available to those who are adequately prepared, and to provide technical training courses as rapidly as they can be built up.
3. To develop communications—
   (*a*) by the construction and improvement of roads to link the main centres of population, to provide means whereby the producer can carry out his produce and whereby people can obtain supplies and services, and to provide access to new farming areas and to improve the flow of traffic to and within the main towns;
   (*b*) by telecommunications so that in the interests of the economy and of society an increasing number of the public can speak to one another and the outside world by telephone and in the interests of administration and security in the State where distances are large and the population scattered;
   (*c*) by air so that services with larger aircraft both between the main centres and the outside world can be expanded;
   (*d*) at the ports so that an increasing volume of trade can be handled.

4. To provide necessary economic and social services at a gradually rising standard, involving:—

(*a*) the extension of electricity and water facilities on an economic basis to meet the demands of rapidly expanding urban communities, and to a limited extent in rural areas as part of a programme to improve living conditions in these areas;

(*b*) the expansion of sewerage services on a conservative basis in the urban areas in the interests of public health;

(*c*) the extension of information, education and entertainment through sound broadcasting to as many people in the State as possible;

(*d*) the substantial widening of preventive and curative health and medical services, and the expansion of the main hospitals to deal with the growing number of patients requiring treatment as a result of the spread of communications and the development of local medical facilities.

5. To take urgent measures to fill immediate shortages in the supply of labour, in construction capacity, and in key personnel for both public and private sectors.

Sabah's Needs and the Plan for 1965-1970

161. Human shortages are the most serious limitation on Sabah's development. Not only are large parts of the State unpopulated or very sparsely settled, but even in urban areas there are not enough carpenters, mechanics, electricians and the other kinds of technicians needed to build, maintain and operate modern structures, facilities and services. There are some technicians with excellent skills, but others fail to measure up to required standards, and the numbers available are too small. Even unskilled labour is scarce in several parts of the State where development projects or business enterprises operate. At the peak of the manpower pyramid, where one looks for leaders, managers and other persons with a university education or more, there are very few fully qualified Sabahans. Physicians, surgeons, engineers, architects, economists, lawyers, senior business executives, senior government officials, for example, are in very short supply.

162. Highest priority will be given to programmes aimed at alleviating manpower limitations during the 1965-1970 period. Schools and training centres in Sabah will be expanded as rapidly as teachers and qualified students are available and within the financial resources available. Many individuals will be sent to Malaya, Singapore and foreign countries for education and training. Sabahans already abroad will be encouraged to return if and when their training is completed, even in cases where there is no formal obligation to return. But these steps will not fill all needs, and it will be necessary to import workers, technicians, executives and others. For construction activities, tenders for major projects will be invited from firms in all parts of Malaysia and from foreign firms as well; successful tenderers will be expected to bring to Sabah not only the necessary managers, engineers, supervisors and technicians, but also skilled workers, and even at times unskilled labour when not available from within Sabah. Where feasible, Sabahan workers will be employed, not only to perform the jobs involved but also for training.

163. Other measures also will be necessary to deal with manpower problems. Timber companies, estates, traders and other businesses may need to import workers and technicians. Schools need teachers from abroad. Government departments and organisations need trained and experienced specialists of many kinds not yet available from within Sabah. The policy is to permit entry by qualified persons when Sabahans cannot fill necessary posts, but to stress the training, upgrading and posting of Sabahans as rapidly as possible. Needed personnel are, and will be, sought elsewhere in Malaysia, in friendly neighbouring countries, throughout the Commonwealth, and indeed from any satisfactory source. Help is coming through the Colombo Plan, and from the United Nations and its Specialised Agencies, the Peace Corps and various voluntary agencies. All these sources of help must continue to be used during the plan period 1965-1970, and new additional sources must also be found.

164. There are a number of other basic limitations on Sabah's development, but none compares in importance and gravity with shortages of human resources. Institutional weaknesses and shortages of contracting capacity are closely related to manpower problems. Shortages of developed agricultural land result partly from the inability of many landless families to open up tropical jungle unaided, partly from the extensive ignorance of modern agriculture, or even of any settled cultivation practices. A pervasive limitation is inadequate communications, especially roads. When these become available, a good deal of land can be opened up

by individual families and many other types of private initiative are likely to appear, especially in transport and marketing activities. Finally, financial limitations always loom in the background, even when not operative in the foreground.

165. The plan for 1965-1970 includes measures to cope with some of these limitations and to ease them as the years go by. Institutional weaknesses are dealt with both directly and indirectly. A planned expansion of the Agricultural Extension Service is not only itself an institutional development, but extension workers can do much to foster the growth of other constructive institutional innovations. Community activities of various kinds — for spreading information and ideas, for making decisions and for performing work — can be stimulated by school teachers, health workers, and agricultural extension workers as well as others.

166. Contracting capacity will be expanded in the construction field partly by the gradual process of successful individuals occasionally setting up in business for themselves, partly by the successful establishment in Sabah of Singaporean, Malayan or foreign firms or their branches. The latter will be stimulated by the calling of tenders for large projects, or groups of projects and by the leasing of publicly owned equipment to successful tenderers where this seems expedient.

167. Communications development is a prominent feature of the new plan. Roads, telecommunications and civil aviation will expand rapidly, some improvements will be made in port facilities, and a small sum will be devoted to the railway. All communications investments account for twenty-eight per cent of planned expenditure of public development funds during the years 1965 through 1970.

168. Earlier paragraphs have emphasised the major limitation on Sabah's development as being human shortages. In many respects this limitation cannot be eased by *ad hoc* methods of public investment, but only by measures and by policies. Teaching and training of Sabahans, and the quest for external assistance in the form of professional and skilled people will in themselves be of limited value unless at the same time steps are taken to improve and expand the productivity of the State. Too many people in the State are through no fault of their own, non-contributors to the wealth of the community; if they cannot contribute more towards their own prosperity and hence, collectively, to that of Sabah and of Malaysia, then the pace of economic growth and of social betterment will be diminished. A substantial proportion of proposed public investment is devoted to the economic betterment of those who have little or nothing to ensure a secure livelihood for them and their families.

169. A paradoxical feature of Sabah's economy is the existence of large areas of unused land while many work farms too small to yield an adequate living. Some of these people are not yet accustomed to settled agriculture, and many small farmers know little of modern methods and high-yielding crops. A major programme in agriculture will be undertaken as part of the development plan for 1965-1970: opening up new land, assisting settlers, supporting the planting of particularly promising crops, teaching and advising farmers in modern methods of cultivation, providing credit facilities, performing various kinds of research, and expanding facilities for agricultural research and training, as well as extension. Resettlement of 12,000 families on holdings of economic size during the plan period will provide land for about a third of the estimated number of families needing land. A large sum, $30 million, is allocated to give each settler family a grant to cover some or all of the cost of a house, tools and planting material, as well as a subsistence allowance. On both new land and that already cultivated by smallholders, there is need of improvement in methods, seeds, and other aspects of farming. The plan provides a total sum of $74.5 million for agricultural development activities, or seventeen per cent of total public investment.

170. Altogether, over half of public investment funds during 1965-1970 are to go into education and training, communications and agriculture. But Sabah has many other crying needs also — for medical services all over the State; for urban amenities such as water supplies, sanitary sewage disposal systems and electricity; for public buildings of various kinds, including those for the State Capital; and for many other facilities. These needs are made both more evident and more acute by recent rapid economic growth. More people need facilities, especially in the towns, and Sabahans all over the State are more aware than ever before of what they lack. Many of the small farmers and hill people have gained little if anything from the recent timber prosperity; part of the reason is that population growth has increased crowding on cultivated land; another part is a gradually growing awareness of modern gadgets and comforts, while the prosperity of a few has increased the yearnings of the many

for a share in the benefits of economic growth. The plan for 1965-1970 calls for expansion of public utilities, of economic and social services and for certain specific programmes including credit, housing and rural development works.

171. The public investment programme for 1965-1970 involves a total of $436 million, a far larger sum than anything ever contemplated before the Colony of North Borneo became the Malaysian State of Sabah. To mobilize such a sum will put strain on State finances and call for substantial Federal allocations, in addition to such foreign aid as becomes available, the grant made by the British Government, and the promised loan from Singapore, for development in the Borneo States. Nevertheless, a plan of this magnitude is necessary if Sabah is to progress at an adequate rate and to take its proper place as one of the States of Malaysia.

The Private Sector in 1965-1970

172. Private enterprise produces and markets Sabah's products, obtains and distributes imports from abroad, and provides a host of other services, from international banking to serving meals in roadside stalls. The private sector with Government aid has done much in the field of education. In the past, Government has been concerned primarily with law, order, justice and administration, but has provided economic services such as rail transport, water and electricity supplies, and limited social services, especially for health and education. Now, however, Sabah's needs for development are so many and so urgent that Government is obliged to undertake the vastly expanded programmes mentioned above and described in some detail in Chapter IV below. Government seeks to interfere in economic and social activities only when the common good requires. Private enterprise is left as free as circumstances permit, for two powerful reasons: first, under Sabah's conditions Government's capacity is limited, and development will progress most rapidly if private enterprise is permitted wide scope; secondly, any unnecessary public interference with private choice is an invasion that diminishes the very welfare Government seeks to promote. It is the policy of the Government of the State of Sabah to create an economic climate in which investment both internal and external can be attracted and will prosper. Government in no way discriminates against investment from outside, always provided that the proposals make a real contribution towards the economy.

173. In the plan period, 1965-1970, private producers are expected to invest in new housing, new productive activities and other private facilities, a larger total sum than Government's public development expenditure. Much public investment results in expanded private investment: for example, resettlement assistance stimulates development of smallholder farms; more roads lead to more vehicles; vehicles and roads lead to the establishment of trading enterprises. In the year 1961, according to the Rueff Mission estimate quoted in Chapter I above, private investment was twice as large as public. With the extraordinarily rapid increase in public investment that is already taking place, the public share is rising and the private share falling, despite the fact that private investment is also growing. The present expectation is that during the years 1965-1970 private investment will total about $500 million. If public investment should actually reach $400 million out of the planned $436 million, private investment would thus remain a quarter larger than public during the plan period.

Agriculture

174. In 1964, of the total acreage under rubber amounting to 232,000 acres, 82,000 acres were owned by estates, 150,000 acres by smallholders (holding of less than 250 acres). It is not thought that estates will expand their areas under rubber though it is expected that to a limited extent there will be replanting with high yielding strains. Smallholders however are expected to plant a further 72,000 acres and to replant 6,000 acres. Planting material and fertilisers will of course be made available to smallholders from the proceeds of the rubber planting cess and the extent of the private investment will be particularly related to labour costs. Apart from smallholder investment it is expected that about 13,000 acres of new planting and 12,000 acres of replanting will be undertaken, representing an investment of about twenty million dollars. None of this investment will produce a return before the end of the period of the new development plan.

175. It is expected that the major estates will plant 25,000 additional acres of oil palm and that new local estates will plant a further 15,000 acres making a total of 40,000 acres. This represents an investment of the order of thirty-two million dollars. This is apart from the planting of oil palm by smallholders with Government assistance—here again personal effort and a limited amount of employed labour represent an investment by the private sector.

176. It is thought that about 3,000 additional acres of cocoa will be planted by major concerns representing an investment of about 3½ million dollars.

177. Hemp is likely to be replanted over an area of about 2,000 acres representing an investment of about two million dollars.

178. Although the foregoing refers to the major crops it is not possible to give any reliable indication of the investment by many people in cash crops, fruit, livestock, but it can be expected that with the growing population in the towns there will be a steady expansion in the demand and this will be facilitated by the progress of public investment in road communications, agricultural, credit and marketing.

179. A significant feature during the next development period, however, will be the investment necessary for the processing of the fruit from the growing oil palm acreage, and on the necessary installations and equipment required for handling and storing palm oil prior to shipment.

Forestry

180. The Industry is based on eleven long-term concessionaires, whose agreements are for twenty-one years, and the basis of whose operations are related to a policy which will produce regeneration of the forest over a period of eighty years. It is not intended that the number of concessionaires should be increased. These major concessionaires have now reached the maximum coupe which is permitted under their agreement and therefore no substantial increase in production can be expected from them during the period 1965-1970. Consequently it is not expected that there will be increased investment by the concessionaires which will be confined in the main to replacement of equipment and purchase of additional equipment for extended operations from throw-off points.

181. There are however a number of special licensees (for 10-year periods) and their number has been added to recently. There is likely to be considerable investment by these special licensees and their production will swell the total figures which would otherwise have remained fairly static.

182. There is at present one veneer plant in Sandakan but considerable interest is being shown in the establishment of additional veneer plants and this appears somewhat attractive as the unsellable out-turn from the veneer mills is far less than from saw mills. There is possible scope for the establishment of "chip-board" plants but the future of this is still uncertain.

Minerals

183. Prospects of finding oil in the continental shelf around Sabah are fair; two oil companies hold prospecting rights and two other companies have submitted applications for licences. Several favourable structures have already been located, and these will probably be tested by drilling during the next two or three years. The total investment in oil prospecting during the development plan period may exceed $20 million.

184. Considerable interest is also being shown in prospecting for minerals and at this stage it is hoped that investigation into the exploitation of copper deposits will justify operations on a commercial basis. Several good prospects have been located between the Kinabatangan and Labuk Rivers, and one in particular, justifies guarded optimism. The firm in question must prove that the deposits will amount to fifteen million tons, and at least half of this amount is already indicated. It is likely that a decision will be reached one way or the other within the next twelve months and that if exploitation proves justified, production might start by 1968.

Construction

185. Given conditions of stability and no deterioration in the economic conditions of the State it is expected that building construction in the private sector will continue undiminished though it appears likely that emphasis will be more on the development of housing estates in suburban areas than heretofore. The main towns have been substantially rebuilt, but it can be expected that there will be continuing demand for new office space.

Transport

186. With growing prosperity and an expanding population together with the spread of the State's road system it is to be expected that public transport companies will expand their fleets and new transport companies will be set up.

187. As regards air services, it appears that new equipment will be operating within the State by 1966, but this will not represent local investment but rather investment by Malaysian airways. Two air-charter companies are operating and it can be assumed that their activities will expand.

State Machinery for Development Planning and Plan Execution

188. (*a*) A State Development Committee, separate from the Cabinet but comprising all its members, has been set up under the Chairmanship of the Chief Minister.

(*b*) Subordinate to this main policy Committee, there has been set up the Sabah Development Plan Executive Committee under the Chairmanship of the Financial Secretary (now Financial Advisor), and members are Permanent Secretaries to the Ministries, the State Development Secretary and the Rural Development Officer; other senior officers attend as required.

189. Unlike the States of Malaya, it has been necessary for Sabah to do a fairly wide degree of planning covering both Federal and State subjects and handling material, in so far as it is available, which in Malaya would be dealt with centrally in Kuala Lumpur. In view of the distance from the national capital, it is considered that the planning organisation in Sabah should be on a more developed basis than that of the States of Malaya, and that the overseeing of the Plan at the official level cannot be done from the national capital.

190. (*a*) The Ministry of Finance provides the Secretariat for both the State Development Committee and for the Sabah Development Plan Executive Committee.

(*b*) The State Development Secretary is to be in charge of this Secretariat under the Minister of Finance. It should be noted that the State Development Secretary is essentially a desk official concerned with planning and co-ordination, and his functions should not be confused with those of the Malayan State Development Officer whose functions are more akin to those of the Sabah Rural Development Officer. The Sabah State Development Secretary provides a direct link between the State and the Federal Government on day to day matters, the execution of Federal and State development plans, as well as on the preparation of such plans.

(*c*) The needs of the rural areas require special attention and indeed present special difficulties. To deal with this, District Rural Development Committees have been set up and they are charged with the preparation of District Rural Development Plan (the "Buku Merah"). A Rural Development Officer has been appointed who is an *ex-officio* member of all District Rural Development Committees. In particular, his functions are to ensure that within the approved Development Plan 1965-1970 the efforts of the Administration and all Departments concerned with development matters are, as far as rural projects are concerned, fully co-ordinated and efficiently carried out. The Rural Development Officer is also required to ensure that as far as possible Federal Development activities such as Education, Co-operatives, Postal Services, etc. are co-ordinated with State Development projects in rural areas such as land settlement schemes, agricultural development, feeder and other roads.

191. Some anxiety is felt over planning arrangements in Sabah. There is, as yet, no local officer qualified as an economist and with the necessary experience in planning and administration to assume the post of State Development Secretary. It is considered necessary to obtain the services of an outside expert from or through the United Nations or under the Colombo Plan who, over a two to three year period, could act as an adviser as well as assume executive responsibility as State Development Secretary.

192. Generally, Sabah is going to be heavily dependent throughout the period 1965-1970 on the services of professional and technical staff recruited from abroad. Failure to recruit and hold such staff will without doubt prejudice the execution of the Plan.

193. Sabah is also likely to experience some difficulty in the adequate administration of land settlement and development schemes, though steps are already being taken to build up a cadre of land development officers.

CHAPTER IV

THE PUBLIC INVESTMENT PROGRAMME FOR THE YEARS 1965-1970

SECTION 1 — COMMUNICATIONS (*a*) ROADS

194. The population density in Sabah is about seventeen people a square mile. In Malaya, the density is about 163 people a square mile. In building roads in Sabah, the ratio of cost to benefit is high. The State is still without a basic network of roads which not only restricts communications but limits the areas available for development. The requirements for roads therefore are many and their cost will absorb a large proportion of development finance. Most of these roads are in difficult country varying from steep mountainous terrain to swamps, which adds considerably to the costs.

195. The demand for roads is insatiable and for reasons which vary in validity. These demands can be considered under the following headings:—

(*a*) feeder roads and roads for development areas;

(*b*) communication roads;

(*c*) roads providing access to the main towns, and for circulation to urban areas;

(*d*) road improvements.

Road building can be the biggest money-spender, but resources are limited, and therefore priorities for road building must be established primarily by the yardstick of maximum economic advantage to the State; if an advantage other than economic is to be considered, it must be critically analysed.

196. The limitation on resources of the State is not confined to finance. The State has plant and equipment adequate for a road programme of about $50 million in the period 1965-1970 in addition to other commitments including road maintenance. This capacity cannot be extended without investing in substantial additional plant, but this cannot be deployed unless workshop space is extensively enlarged, and additional supervisory and technical staff recruited. This will all take time and delays cannot be accepted. It is proposed, therefore, to draw up a road programme which will allow for some of the work to be done by contractors.

Plant Hire Charges

197. The costs of road building shown in this section include both direct on-site costs (i.e. P.O.L., operators and drivers' wages and materials) as well as plant maintenance, spares consumption and depreciation. Where individual items are shown as for execution by contractors, the figures take into account not only all these charges but removal expenses, overheads and profit margins. Provision for plant hire charges (maintenance, spares and depreciation) are separated in this section.

Continuation Schemes	Balance to complete
	$
West Coast/Ranau Road	5,310,746
Town Roads and drainage	205,697
Road Improvement work	183,239
Jesselton/Papar Road	23,717
Access and drainage works for urban lots	146,605
Acquisition of land for roads	120,877
Construction and improvements of feeder roads ...	15,147
Feeder Roads	261,295
Gravelling of feeder roads	67,679
Improvements to feeder roads	20,000
Semporna Island roads	74,458
	6,429,460
(say) ...	6,430,000
Plant Hire	2,250,000
TOTAL CONTINUATION WORKS ...	8,680,000

NEW COMMUNICATION ROADS AND IMPROVEMENT TO EXISTING COMMUNICATION ROADS

198. Sabah has already embarked on a road programme which will link the extreme north of the State at Kudat with Jesselton and thence via Papar to Beaufort and so on to Sipitang and the Sarawak border near Sindumin. Further the heart of the State has already been penetrated by a road from Sandakan to Telupid which, apart from providing access to a probable area of development, forms the first stage of a road to link the East and West Coasts of the State; at the same time work is already in hand on a road from Jesselton to the Interior near Tambunan, and thence to Ranau. This is a second stage of the East/West Road. On the East Coast a start has already been made on a road to link Quoin Hill near Tawau with Kunak.

New Communication Roads.

199. It is proposed to complete the following communication roads:—

	$	$
(*a*) Tawau (Quoin Hill)/Kunak Road—thirty miles	2,400,000	
(*b*) Tawau (Quoin Hill/Semporna—thirty miles ...	2,200,000	
(*c*) Plant Hire	2,300,000	
TOTAL — NEW COMMUNICATION ROADS		6,900,000

200. In relation to costs, one cannot point to any rapid economic returns on this investment. On the other hand, while admitting that emphasis must be placed on providing reliable roads to and in areas of existing and potential development, it can no longer be accepted that communities in this under-populated State must remain isolated and connected only by air or sea services. Communication roads will encourage movement of people, help to bring services and modern ideas to isolated communities and encourage a feeling of unity.

Road Improvements

201. It is necessary to provide for the improvement of roads in rural areas. A report by the Tropical Section of the Road Research Laboratory expresses this view:

> "The standard of road is of crucial importance, particularly the difference between earth roads and all-weather roads, and the extra cost of an all-weather road will bring in a more than proportional return in development ..... On earth roads, which because of weather conditions in North Borneo (Sabah) function only spasmodically, development is inhibited at distances of more than 5 — 10 miles from the market ..... On all weather roads development continues with little diminution for at least twenty-five miles from the market".

202. It is proposed that a sum of $4.750 million should be made available for improvements along the 220 miles of West Coast trunk road between Siquati in the north and Sindumin, on the Sarawak border, in the south. This sum provides for the completion of gravelling of the remaining earth sections of this trunk road, and the provision of new and replacement bridges. A major bridge will be constructed over the Padas River at Beaufort to replace the ferry and so provide an uninterrupted through north-south road on the West Coast. In the Interior Residency the forty miles of earth road between Keningau and Tambunan will be gravelled and widened to provide a road link of greatly improved standard to connect with the main Jesselton to Sandakan road near Sensuron, and for these purposes $500,000 will be provided. Provision of $2,000,000 is also included for improvement by bituminous surfacing.

203. Finally, on all roads, urban or rural, requirements for minor improvements arise which are too large to be covered in annually recurrent maintenance works They should generally, however, be covered by annual programmes and provision of $2 million is included in this plan.

204. To summarise, the programme will be as follows:—

	$	$
(*a*) Keningau-Tambunan upgrading from earth to gravel. (36.5 miles)	500,000	
(*b*) West Coast Road—Sequati to Sindumin ...	4,750,000	
(*c*) Bridge over Padas River at Beaufort	600,000	
(*d*) Upgrading by bituminous surfacing	2,000,000	
(*e*) Miscellaneous improvements	2,000,000	
(*f*) Plant Hire	5,000,000	
TOTAL — ROAD IMPROVEMENTS ...		14,850,000

Feeder roads and roads for development areas

205. The economy of Sabah rests on agricultural production including the exploitation of its forests. Not only are reliable roads essential for access to land which is to be exploited but also for the extraction of produce. In addition, it has been estimated that some 35,000 families of the rural population in Sabah either have no land, or insufficient land to support them. A number of development areas are being selected, to and within which roads will have to be provided.

206. The following view is expressed in a Report of the Tropical section of the Road Research Laboratory:

> "It is of particular importance that provision of adequate areas of suitable land, through road construction, should keep pace with the growth in population, and that road construction should be used to attract surplus population to new areas".

207. It is proposed to set aside $14,000,000 for feeder roads and roads for development areas. 300 miles of existing feeder roads will be upgraded by gravelling at a cost of $3,000,000 and the balance of $11,000,000 will be set aside for new roads. The mileage possible will largely depend on the location of the new development areas and on whether they will require extended access roads or not. As costs may vary from $30,000 to $100,000 a mile it is not possible to give a mileage at this stage.

To summarise:

	$	$
(*a*) Feeder Roads and roads for development areas	14,000,000	
(*b*) Plant Hire	7,000,000	
TOTAL FEEDER ROADS AND ROADS FOR DEVELOPMENT AREAS ...		21,000,000

Roads to facilitate traffic circulation in the main towns and improvements to town approaches.

208. Prosperity in recent years has brought with it an exceptionally rapid growth in the number of licensed vehicles. The following table shows the growth of licensed vehicles (excluding trailers, carts and bicycles) by area between 1959-1964:

	1959	1964
Jesselton (excluding Kota Belud and Papar)	2,589	6,182
Kudat (and Bandau)	246	607
Labuan	331	888
Interior	201	670
Sandakan	1,184	3,336
Lahad Datu/Semporna	296	812
Tawau	878	2,299
	5,725	14,794

209. The need for new bye-pass roads in urban areas and for improvements to the main road exists from the towns arises concurrently with the expansion of the road system, the inter-connexion of previously isolated traffic areas and particularly the rapid growth of urban traffic itself. Unless it can be shown that urban congestion is causing economic loss as well as personal inconvenience, such works would not command the same overriding priority (when resources are limited) as the construction of roads in rural areas which will encourage agricultural production. Figures indicate that action should be taken in the new development period to deal with a deteriorating situation which will be made worse as traffic generated by new roads in rural areas builds up. The following table shows the densities of traffic as revealed by recent traffic counts on selected roads:

Place and Census Dates		Width	Vehicles per day
Jesselton			
(Feb. 1964)	South Road at Sembulan Road Junction ...	24′	10,941
	South Road at Tuaran Road Junction ...	24′	17,233
Sandakan			
(Oct. 1963)	North Road at Mile 2½	24′	2,840
	Darby Road	24′	8,310
	Leila Road opposite Reclamation 2	22′	10,000
Tawau			
(Nov. 1962)	Kuhara Road at Mile 1½	14′	743
	Apas Road at Mile 2	18′	1,193

210. It is proposed therefore to allow a sum of $21,500,000 for such improvements in urban areas. To relieve this load on the Public Works Department it is proposed that these works be built by contract. Both planning and supervision are easier in urban areas and also suitable contractors are more likely to be available. The estimates for these items reflect the full contract costs referred to in paragraph 197 above and do not therefore bear direct comparison with the provisions elsewhere for other road construction.

ROADS TO FACILITATE TRAFFIC CIRCULATION IN THE MAIN TOWNS

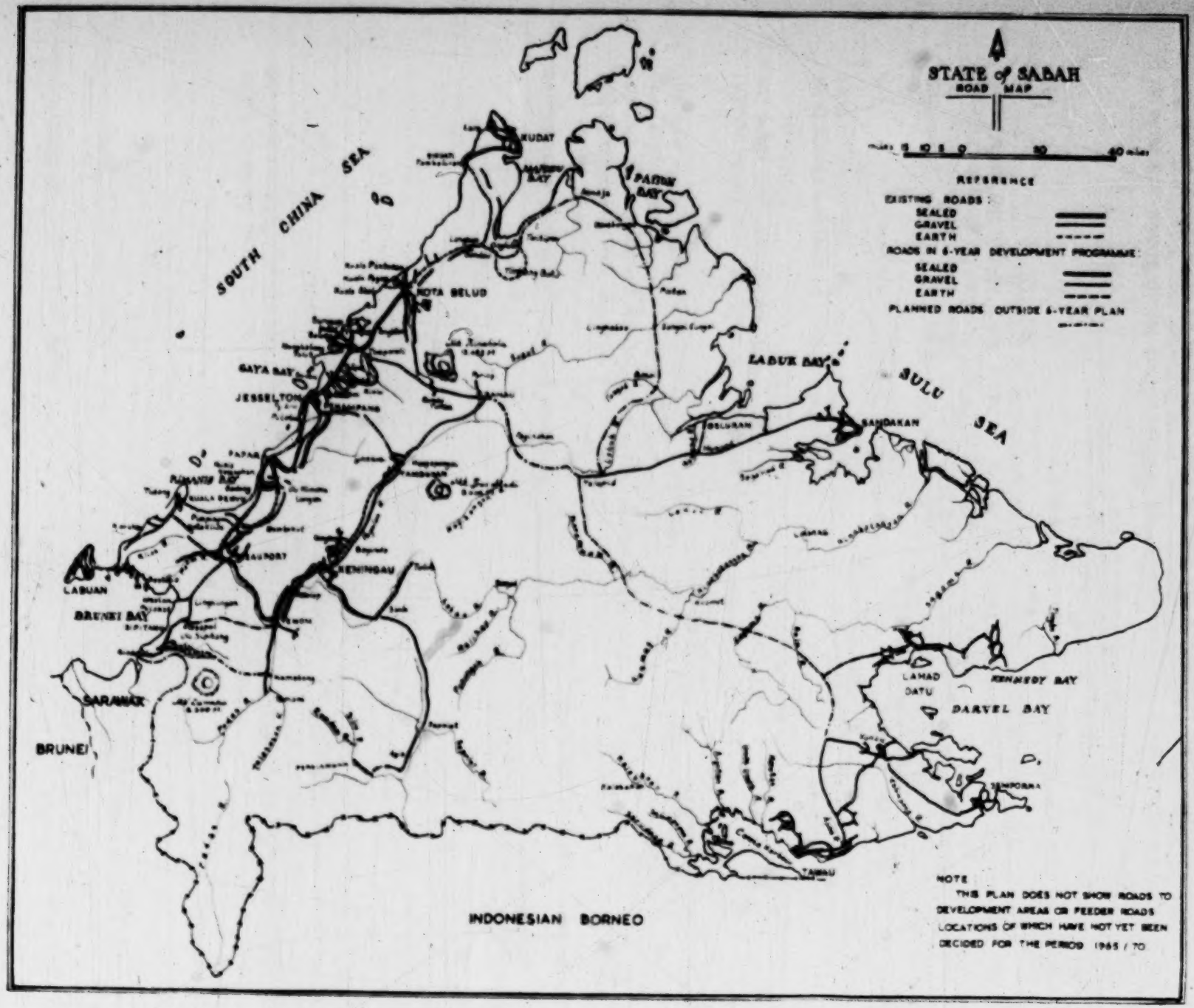
		$
(*a*) Jesselton:	South Road dual carriageway Tuaran Road widening to Mile 2 ... ... Penampang Road improvements to Donggongon	2,000,000
(*b*) Sandakan:	Labuk Road improvement to Mile 18 ... ... Leila Road improvements to Mile 3	7,000,000
(*c*) Tawau:	Apas Road improvements to Mile 6 ... ... Kuhara Road to Mile 2.8 North Road relocation	1,500,000

IMPROVEMENTS TO TOWN APPROACHES

(*a*) Jesselton:	Tanjong Lipat — Likas	4,000,000
	Tuaran Road — Penampang Road	2,000,000
(*b*) Sandakan:	Smallfield Road	1,000,000
(*c*) Tawau:	Belunau Road	1,000,000
(*d*) Kudat:	Sequati Road	3,000,000
	TOTAL — MAIN TOWNS AND APPROACHES ...	21,500,000

Surveys and Consultants' Fees

211. Provision of $2,000,000 is made for this purpose to enable forward planning of this programme to be put in hand and to assist with the smooth implementation of construction. This provision will also enable surveys to continue for the Sandakan/Tawau Road, a project which it is not proposed to implement during the period 1965-1970, but which will ultimately become necessary.


STATE of SABAH
ROAD MAP
REFERENCE
EXISTING ROADS :
SEALED
GRAVEL
EARTH
ROADS IN 6-YEAR DEVELOPMENT PROGRAMME :
SEALED
GRAVEL
EARTH
PLANNED ROADS OUTSIDE 6-YEAR PLAN
SOUTH CHINA SEA
SULU SEA
KUDAT
PAITAN BAY
KOTA BELUD
GAYA BAY
JESSELTON
LABUK BAY
SANDAKAN
LABUAN
BRUNEI BAY
KENINGAU
SARAWAK
BRUNEI
LAHAD DATU
KENNEDY BAY
DARVEL BAY
TAWAU
INDONESIAN BORNEO
NOTE
THIS PLAN DOES NOT SHOW ROADS TO DEVELOPMENT AREAS OR FEEDER ROADS LOCATIONS OF WHICH HAVE NOT YET BEEN DECIDED FOR THE PERIOD 1965 / 70

212. The overall programme may therefore be summarised as follows:

	$m
(*a*) Continuation Works	8.680
(*b*) New communication roads	6.900
(*c*) Improvements to existing communication roads	14.850
(*d*) Development areas and feeder roads	21.000
(*e*) Access to main towns and circulation in urban areas ...	21.500
(*f*) Surveys and Consultants	2.000
TOTAL ...	74.930

(*b*) POSTS AND TELECOMMUNICATIONS

213. In a number of instances, provision is made for extended postal facilities under the telecommunications proposals below because the post office element is combined with the exchange element.

214. New post office buildings will be provided at—

Tanah Merah, Sandakan
Bandau
Ranau
Kunak
Airport, Jesselton

at a total estimated cost of $420,000.

215. The sum of $100,000 is provided for equipment for post offices and $150,000 for vehicles for postal work.

216. The development of telecommunication services during the period 1959-1964 has been on an austerity basis, and has taken place as funds have become available. The Department was precluded from long-range planning by the very restricted funds earmarked for it in 1959. The fact that substantial additional funds were made available subsequently has not enabled the Department to plan far ahead.

217. The present system has a certain utility value only, is inflexible and below accepted standards. It has been engineered on a most conservative basis which does not allow for economic expansion.

218. The proposals for 1965-1970 aim to expand the services, to improve the present services, and to replace much existing equipment. It is considered that improved services will themselves stimulate the rate of growth.

219. *Main Trunk Schemes*

(*a*) These routes connect Jesselton, Sandakan and Tawau. All traffic originating south of Sandakan for Jesselton and elsewhere in Sabah and overseas must be carried over the Jesselton/Sandakan route which will have to be of high capacity and quality. Without the basic network of the main trunk routes, the installation of minor routes connecting the smaller towns will be restricted.

(*b*) Priorities are ascribed to the following:

Jesselton/Sandakan
Sandakan/Lahad Datu/Tawau

The development of the route between Jesselton/Kota Belud/Kudat will have to be deferred, and the development of the route between Jesselton/Brunei is not primarily in the interests of the State of Sabah but in those of Brunei and of Sarawak for connection to the SEACOM cable.

(c) *Jesselton/Sandakan*

(i) Micro-wave route capable of carrying 300 channels with an installed capacity of, say, sixty channels.

	$	$
(ii) *Costs*—		
Terminals at Jesselton, Sandakan and Kamburangoh	790,000	
Three repeater Stations (including access) at $755,000 each	2,265,000	
Multiplex equipment	384,000	3,439,000
(d) *Sandakan/Lahad Datu/Tawau*		
(i) A wide band V. H. F. system capable of carrying forty-eight channels		
(ii) *Costs*—		
Terminals at Sandakan, Lahad Datu, and Tawau	940,000	
Three repeater stations (including access) ...	1,755,000	
Multiplex equipment	154,000	
(e) Survey or routes	100,000	
(f) Provision of Relay Sets	192,000	3,141,000
TOTAL MAIN TRUNK SCHEMES ...		6,580,000

220. *Large Automatic Exchanges.*

(a) *Jesselton*—

(i) Present capacity of 2,000 lines. It is proposed to construct a new exchange building which will also house the Departmental Headquarters, and to provide for a new 4,000 type exchange, initial capacity of 2,000 lines with ultimate capacity of 10,000 lines.

	$	$
(ii) *Costs*—		
Buildings	1,800,000	
Equipment and installation	2,530,000	4,330,000
(b) *Sandakan.*		
(i) Present capacity of 2,000 lines with ultimate capacity of 4,000 lines. Proposed to extend to ultimate capacity.		
(ii) *Costs*—		
Equipment and installation		580,000
(c) *Tawau*		
(i) By 1965 there will be a maximum of 1,000 lines but the equipment is obsolete. It is proposed to provide a 4,000 type exchange with initial capacity of 2,000 lines ultimate of 10,000 lines		
(ii) *Costs*—		
Buildings	500,000	
Equipment and installation	680,000	1,180,000
(d) *Labuan*		
Present capacity is 350 lines with ultimate capacity of 800 lines. It is proposed to provide a small extension of 200 lines		110,000

(*e*) *Lahad Datu.*

(i) It is proposed to replace the present rural type of equipment with a small automatic exchange of initial capacity of 300 lines, ultimate capacity of 2,000 lines.

(ii) *Costs*—	$	$
Building (including Post office)	250,000	
Equipment and installation	415,000	665,000

(*f*) Coin collecting box facilities, and subscriber meters 105,000

TOTAL LARGE AUTOMATIC EXCHANGES ... 6,970,000

221. *Small Automatic Exchanges.*

(*a*) In rural areas where it is not usually economic to run a telephone service, it is desirable to use Rural Automatic Exchanges (R. A. X.) which can run unattended for a reasonable period.

(*b*) Additional units, or a new unit is proposed for the following:—

Keningau
Semporna
Tenom
Wallace Bay
Linkungan
Mile 7 Sandakan
Membakut

and ancillary equipment 488,000

222. *Subscriber and Junction Routes.*

To provide for the connection of isolated subscribers to exchanges and to connect minor exchanges with the major exchanges as follows:—

	$	$
Mile 7 Sandakan and Airport	100,000	
Sandakan/Beluran and Lamag — Trunk subscribers	60,000	
Radio call service — Pensiangan, Kuala Penyu and Tambunan	30,000	
Masts, towers, junction relay sets and test equipment	351,000	541,000

223. *H. F. Projects.*

(*a*) There is a growing need for H. F. services for Civil Aviation, Police and the Department of Posts and Telecommunications. As transmitters increase in power so reception becomes prejudiced because of the present proximity of transmitters and receiving stations. The aim is therefore to separate transmitting from receiving stations.

	$	$
(*b*) The first stage is to provide a new transmitting station for Jesselton at a cost of $600,000 (excluding land)	600,000	
(*c*) Replacement of obsolete equipment, new masts and serials and test equipment	205,000	
(*d*) Provision of radio call service at Jesselton, Sandakan, Tawau and Keningau	120,000	925,000

224. *Telex and Telegraph Services.*

(*a*) There is at present no telex service in Sabah. It is proposed to provide for this at Jesselton, Sandakan and Tawau.

(*b*) It is also proposed to provide for operating the telegraph services from main towns on the junction telephone routes.

	$
(*c*) Cost is estimated at	265,000

Rural, Administrative and Security Services.

225. It is essential to make provision for these services by the use of Radio Call Services 150,000

Underground Cables.

226. Generally existing cable schemes are in a poor state of repair, and being suspended overhead, are subject to interference from power lines. In larger centres they have reached a stage whereby they cannot be sensibly expanded. It is proposed to instal underground cabling at—

Jesselton
Keningau
Lahad Datu
Likas
Sandakan
Semporna
Tawau
Mile 7 Sandakan

and miscellaneous underground cabling elsewhere at a cost of 1,160,000

Subscribers Apparatus.

227. To provide for pole routes, instruments, private automatic and manual exchanges, and teleprinter 2,369,500

228. *Workshops and Quarters.*	905,800
Vehicles and Workshop equipment	349,500
Contingencies (say)	2,000,000

229. The following table shows the provision for approved works in the 1959-1964 Plan which will not be finished by the end of 1964, and the balance required to complete.

	Revised Cost	Estimated expenditure to 31.12.64	Balance
	$	$	$
Telephone Development, Stage IV ...	824,188	700,188	124,000
VHF Radio Telephone Link Jesselton/ Kamburangoh	1,533,850	186,850	1,347,000
Papar Cables	41,673	9,673	32,000
Telephone Exchange—2,000 lines Sandakan	760,000	700,000	60,000
900 Telephones for installation in 1964 ...	232,200	212,000	20,000
Additional cost of V. H. F. Equipment, Kamburangoh	121,000	—	121,000
Private branch (automatic) exchanges ...	250,000	225,000	25,000
Extension of Post Office/Telephone Exchange, Sandakan	192,000	137,000	55,000
Posts and Telegraphs Offices	81,000	20,000	61,000
Satellite Telephone Exchange, Inanam ...	39,000	35,000	4,000
V. H. F. Terminal Building and Access Road	79,000	69,000	10,000
Posts and Telegraphs Terminal School ...	75,000	69,000	15,000
Seacom Cable and Auxiliary Equipment ...	193,425	153,425	40,000
		2,508,136	1,914,000

230. The requirements can therefore be summarised as follows:—

	$
Continuation works	1,914,000
Postal services	670,000
Main Trunk Scheme	6,580,000
Large Automatic Exchanges	6,970,000
Small Automatic Exchanges	488,000
Subscriber and Junction Routes	541,000
H. F. Projects	925,000
Telex and Telegraph Services	265,000
Rural, administrative and security services	150,000
Underground Cable Schemes	1,160,000
Subscribers Apparatus	2,369,500
Workshops and Quarters	905,800
Vehicles and Workshops equipment	349,500
Plant Hire	930,000
Contingencies	1,250,000
TOTAL POSTS AND TELECOMMUNICATIONS	25,467,800
(say)	25,500,000

(c) CIVIL AVIATION

231. Sabah is dependent on air communications for connection with the other States of Malaysia and with the Federal Capital. Unlike States in Malaya there are no alternative means of travel, save by sea. Air services are essential for contacts with the outside world. Within the State, which is over half of the size of Malaya and in which land communications are still sparse and unreliable, air services are the only effective means of travel. Within, and to and from, Sabah, air services are not a luxury but a necessity.

232. Air traffic has grown substantially and will continue to do so. Plans must be laid to meet the increase in the frequency of services and in the size of the aircraft.

233. Plans for the period 1965-1970 are based on—

(*a*) the completion of works already provided for in the 1959-1964 Plan;

(*b*) the development of the East Coast aerodromes of Sandakan, Tawau and Lahad Datu;

(*c*) the improvement of telecommunications and navigational aids in the interests of safety;

(*d*) token provision for new airstrips in remote places.

Completion of works provided for in the 1959-1964 *Plan.*

234. The following table shows the works uncompleted at the end of 1964, the amount estimated to have been spent by the end of the year, and the amount required for completion:—

Item	Total Estimated Cost	Estimated expenditure to end of 1964	Balance to complete
	$	$	$
Apron floodlights, Jesselton	7,000	—	7,000
Modification and Extension of Terminal Building Jesselton	200,000	35,000	165,000
Flight Information Centre	50,000	40,000	10,000
Runway and approach lighting, Jesselton	320,000	200,000	120,000
Hangar and Maintenance area, Jesselton	1,000,000	380,000	620,000
Radio Beacon at Sandakan	60,000	11,700	48,300
		666,700	970,300

235. **(A) Development of East Coast Aerodromes**

(*a*) The growth of traffic to and on the East Coast necessitates further improvements being made to Sandakan, Tawau and Lahad Datu airfields. It is considered desirable that improvement should take into account the operation of F. 27 aircraft or aircraft of a similar type. With the expansion of scheduled services it is also necessary to make provision for adequate lighting so that night operations can be undertaken. At the same time steps will have to be taken to improve the control facilities, radio aids and fire services. Aerodromes should be dealt with in the order given, with a view to completion by 1968.

	$	$
(*b*) *Sandakan*		
(i) Sealed runway 4500′ x 100′ within a 400′ strip, two stopways of 200′	800,000	
(ii) Apron and taxiway	450,000	
(iii) Fire-station	120,000	
(iv) Lighting and standby power	280,000	1,650,000
(*c*) *Tawau*		
(i) Existing runway to be sealed	400,000	
(ii) Terminal Building and Control Tower ...	250,000	
(iii) Apron and taxiway	200,000	
(iv) Fire-station	100,000	
(v) Lighting and standby power	200,000	1,150,000
(*d*) *Lahad Datu*		
(i) Existing runway, taxiway and apron to be sealed	250,000	
(ii) Apron and taxiway extension	250,000	
(iii) Lighting and standby power	180,000	
(iv) Fire-station	100,000	780,000

(B) Improvements of Telecommunications and Navigational Aids

	$
Replacement of old radio location beacons, generators, H. F. R/T and V. H. F. R/T equipment and installation of A.F.T.N. teleprinters and other equipment	2,118,940

(C) New Airstrips

To provide for strips in remote places	250,000

(D) Fire-fighting and Rescue Equipment

(*a*) Rescue launch	120,000	
(*b*) Fire fighting vehicles	265,000	385,000

(E) Development of Jesselton Airport

It is not proposed to provide for the full cost of the further extension of Jesselton runway at 7,500 feet to accommodate second stage jet aircraft during the period 1965-1970. It is however considered advisable to divert the river away from the end of the recent extension. This will in any case be essential before any further extension can be made, and if carried out in the near future will remove the erosion hazard from the end of the present runway 900,000

(*F*) Continuation Works	970,300
(*G*) Plant Hire	3,072,600
The total cost of Civil Aviation Development is therefore	11,276,840

236. Plans will also be prepared for a new Operations Centre and Terminal Building extension at Jesselton, but it is not considered that these works should receive priority during the period 1965-1970.

(*d*) *Ports and Harbours and Marine*

237. No major works are proposed for the period 1965-1970 other than the completion of those carried forward from the previous period. It will be necessary to consider a major development of the port of Sandakan and to do preliminary works in connection with it, and also to carry out investigations into long term expansion of Jesselton.

238. The continuation works are as follows:

	Original Estimated Cost	Revised Estimated Cost	Estimated Expenditure to 31-12-64	Balance
	$m	$m	$m	$m
(*a*) Kudat Wharf and Port Works ...	1.500	1.900	1.400	.500
(*b*) Semporna Wharf and Port Works ...	.495	.995	.245	.750
(*c*) Lahad Datu Wharf and Port Works ...	1.150	2.015	.400	1.615
(*d*) Dolphins, Sandakan	.150	.150	.080	.070
(*e*) Oil Jetty, Jesselton	.500	.500	.050	.450
(*f*) Labuan Slipway	.800	.920	.500	.420
Total value of continuation works ...				3.805

(NOTE: Cost of items (*a*), (*b*), (*c*) and (*f*) revised to take account of tender prices and/or port works including reclamation.)

Jesselton

239. (*a*) It is considered that despite the increasing volume of cargo passing through the port (118,000 tons in 1961, 156,000 tons in 1962 and 178,000 tons in 1963) the wharf is not yet working to full capacity. Bearing in mind the current action to construct a common user oil jetty, no wharf extensions are likely to be required during the forthcoming development period if improvements in port administration and cargo handling arrangements are introduced. Investigations to this end are in hand. It will be noted that this opinion is similar to that expressed by the Mission of the International Bank for Reconstruction and Development in its Report on the Economic Aspect of Malaysia.

(*b*) It is proposed that consultants should be engaged to examine the existing port and harbour facilities to advise in what way they should be improved or extended to meet likely future developments.

(*c*) It is proposed to reclaim an area of land to the south of the existing approach to the wharf and erect a new port godown of 29,000 square feet.

(*d*) Estimates are as follows:

	$	$
(i) Godown	500,000	
(ii) Reclamation	100,000	
(iii) Consultants' Report	40,000	640,000

240. *Sandakan*

(*a*) In the course of the 1959-1964 period, consultants were briefed to advise on the future of Sandakan port. The report has proposed a site for a new port, and it is likely that during the period 1965-1970 detailed investigations and designs for the recommended scheme will have to be put in hand. It is proposed that these detailed investigations and designs should be carried out through external technical assistance; it is assumed that these investigations and designs would represent an investment of $1,000,000.

(*b*) It will be necessary however to carry out certain interim works at the site of the present port at a total cost of $850,000. The major work will be to provide a new godown to house the rice reserve for Sandakan with a view to the existing godown being brought into the Port area.

Minor Wharves

241. It is proposed to provide $350,000 for the improvement of minor wharves and riverine wharves.

Sandakan Slipway

242. It is proposed to provide a slipway capable of handling vessels of up to 120 tons displacement with a length of 103'. The cost is estimated at $600,000.

State Launches

243. It is proposed to provide for a launch to replace the Sandakan Residency launch "Mantanani" at an estimated cost of $200,000 and for a general purpose relief launch at a cost of $90,000.

Harbour Launches

244. It is proposed to provide three new harbour launches for Kudat, Lahad Datu and Semporna at an estimated total cost of $180,000.

Quarters

245. It is proposed to provide quarters specifically for Customs and Marine staff at Lahad Datu, Semporna at a cost of $345,000. This will release existing quarters for the housing pool.

246. The summary of the proposals is as follows:

	$m
(*a*) Continuation works	3.805
(*b*) Jesselton	.640
(*c*) Sandakan	.850
(*d*) Minor Wharves	.350
(*e*) Sandakan Slipway	.600
(*f*) State launches	.290
(*g*) Harbour launches	.180
(*h*) Quarters — Customs and Marine at Lahad Datu and Semporna	.345
(*i*) Plant Hire	.230
(*j*) Investigations and designs for Sandakan Port (Technical Assistance)	1.000
	8.290

(*e*) *Sabah State Railway*

247. It is not the intention to take any steps in the course of the period 1965-1970 to close down the Sabah State Railways. A road is being constructed from Jesselton to Papar and from Papar to Beaufort which will parallel the rail system. Until this road is more fully developed and until experience is gained of the operation of the railway system in competition with a parallel road system, it is considered unwise to take any decisions on the future of the railway.

248. With growth of road traffic in Jesselton town and indeed of the growth of the town itself, there has been pressure to remove the railway line between Tanjong Aru and the wharf. It is considered that while the railway system exists the advantages of a railway system to the centre of the town and to the wharf outweigh the inconvenience to the road users of Jesselton.

249. The traffic on the railway continues to increase. The following tables demonstrate this:—

TABLE 4-1—PASSENGERS

	Passenger Journeys	Passenger Miles
1959	655,196	10,286,000
1960	706,578	10,952,000
1961	728,092	11,067,000
1962	809,997	12,900,000
1963	845,000	13,500,000
1964	—	—

TABLE 4-2—FREIGHT

	Goods Tons	Goods Ton Miles
1959	48,337	2,296,000
1960	48,809	2,430,500
1961	47,609	2,363,500
1962	53,940	2,654,000
1963	56,000	2,744,000
1964	—	—

250. The following assumptions are made in regard to the growth of traffic during the period 1965-1970:—

TABLE 4-3—PASSENGER ESTIMATES

Year	Passenger Journeys	Passenger Miles
1964	878,800	14,040,000
1965	913,900	14,600,000
1966	950,400	15,180,000
1967	988,400	15,780,000
1968	1,027,900	16,410,000
1969	1,069,000	17,060,000

TABLE 4-4—FREIGHT ESTIMATES

Year	Rubber tons	Timber tons	Other tons	Total tons	Percentage Increase %
1964	10,000	7,000	40,000	57,000	1.79
1965	12,000	7,000	41,000	60,000	5.26
1966	14,000	7,000	42,000	63,000	5.00
1967	16,000	7,000	43,000	66,000	4.76
1968	18,000	7,000	44,000	69,000	4.55
1969	20,000	7,000	45,000	72,000	4.35
1970	23,000	7,000	47,000	77,000	6.94

251. If passenger and freight traffic increases as estimated additional capacity will be required to meet the expected demand. It is expected that additional passenger capacity will be required by 1965 and additional goods capacity by 1966.

252. It is proposed to make some improvements to stations parking areas and associated amenities. In addition, increasing traffic will require the provision of extra loops and lengthening of the existing ones to provide adequate train crossing facilities. Signal devices will also be necessary and telecommunications improved in the Beaufort/Tenom section. Spot ballasting of track will continue to be required. Progressive improvements will be necessary tor workshop machinery.

In the period 1959-1964 staff housing has received low priority and provision must be made for replacements.

253. It is proposed to allocate $2,200,000 for Railway Development in the period 1965-1970 and the summary of the main items is as follows:—

Power and Rolling Stock

	$	$
Two Diesel Hydraulic Locomotives	450,000	
Modernisation of existing passenger coaches	100,000	
Two 15 seater Railcars	90,000	
Goods Wagons (Priority I)	200,000	
Goods Wagons (Priority II)	300,000	
Contingencies	60,000	900,000
Way		
Spot Ballasting of track between Jesselton and Tenom	100,000	
Improvements to stations and surrounds (Papar, Beaufort, Tenom)	200,000	
Improvements to minor stations	100,000	
Provision of and lengthening of Loops	100,000	500,000

Works			
Replacement of staff housing	250,000		
Workshops Buildings	50,000	300,000	
Machinery			
Provision of Workshops machinery	100,000		
Provision of Track Maintenance Machinery ...	75,000		
Provision of Accounting and Ticket Issuing Machines	75,000		
Provision of Signalling Equipment	150,000		
Provision of Telecommunications Equipment ...	100,000	500,000	
		2,200,000	

254. It is estimated that the operating surplus during the period 1965-1970 will be as follows:—

1965	63,400	
1966	127,800	
1967	193,100	
1968	259,700	
1969	327,300	
1970	426,400	1,397,700

This surplus is not regarded as directly a source of finance for Railway development.

SECTION 2 —PUBLIC UTILITIES

(*a*) Water Supplies

255. The programme for the development of water supplies during the period 1965/1970 is governed by the following factors:—

(*a*) the rapid expansion of the major towns and the inadequacy of existing supplies;

(*b*) the provision of water supplies to townships in areas where none at present exists;

(*c*) the provision of water supplies on a simple basis to rural communities partly in the interests of public health, and partly as a desirable labour saving amenity.

256. Water supplies are expensive undertakings and benefit a relatively small element of the total population. On the other hand in urban areas where population density is high, public health measures should be taken which are not so immediately necessary in areas where conditions are less crowded.

257. The aim will be therefore to ensure that as far as possible urban water supplies should be run on an economic basis and should not be a charge on the general taxpayer.

258. The programme for the development of water supplies during the period 1965/1970 is now examined in detail.

259. *Jesselton.*

(*a*) By the end of 1964, the capacity of the works will be increased to 2 m.g.d. Demand is already at 1½ m.g.d.

(*b*) In 1960 the population in the water supply area was 23,000. The supply area has been expanded between 1959-1964 and by 1970 the population to be served is likely to be over 50,000. At a consumption rate of 60 g.p.d. a head, a minimum supply of 3 m.g.d. is required, and in order to cope with peak periods, a water capacity of 4 m.g.d. is necessary.

(*c*) At the same time, it will be necessary during the period to investigate and design extensions beyond the limit of 4 m.g.d.

(*d*) The schedule of estimated costs is as follows:—

	$	$
Likas Service Reservoir	750,000	
Delivery main to Likas Service Reservoir ...	600,000	
Additional treatment works of capacity of 2 m.g.d.	600,000	
Reconstruction of existing treatment works to capacity of 2 m.g.d.	200,000	
Investigations for new supply	400,000	2,550,000

260. *Tuaran and Tamparuli.*

(*a*) A new .300 m.g.d. supply is being installed at Tamparuli and should be ready by the end of 1964; demand in the Tamparuli area is estimated at initially .150 m.g.d.

(*b*) The present capacity of the Tuaran supply .200 m.g.d. and the average daily off-take is up to the capacity of the supply; an expansion of the Tuaran supply will be necessary, but in view of the relative proximity of Tuaran and Tamparuli and the excess of capacity at Tamparuli, the two supplies might be integrated. The works involved should be second priority.

(*c*) The schedule of estimated costs is as follows:—

	$	$
Extend Tamparuli to .600 m.g.d.	300,000	
Inter-connection with Tuaran	250,000	
Local extension of supplies	150,000	
Contingencies	50,000	750,000

261. *Kota Belud.* Provision is made for the cost of works to prevent flooding of the intake well and pumps estimated at $50,000.

262. *Kudat.*

(*a*) The present supply for the town is obtained from shallow wells and ground water collection. These sources have a combined maximum yield of about .300 m.g.d. which however can fall well below .100 m.g.d. in a dry spell. The present potential demand for water is well above the maximum but actual supply is limited as a number of potential consumers are not yet connected to the supply.

(*b*) Consultants have been briefed and their preliminary report proposes a Stage I supply of .300 m.g.d., based on an impounding scheme and delivery over a distance of 6½ miles and at a cost of $3.600 million.

(*c*) It is proposed to sink further wells in the hope that results will postpone the need for this heavy investment; on the other hand in view of the uncertainty of results from these wells, consultants have been authorised to prepare a detailed scheme which could be implemented during the period 1965-1970.

(*d*) It is proposed to make provision under Priority I for the expenses attendant on the Consultants' detailed designs and investigations, and for the development of the wells if drilling proves successful, and under Priority II for the major scheme if it proves necessary.

(*e*) Estimated costs are as follows:—

Priority I

	$
Consultants' detailed designs	100,000
Consultants' detailed investigations	272,000
Development of additional wells	50,000
	422,000
Priority II	$3,632.000

263. *Sandakan.*

(*a*) The water supply for Sandakan is precarious in its adequacy. It comprises two elements, surface water yielding .400 — .550 m.g.d. and boreholes yielding .560 m.g.d. — a total of .960 to 1.110 m.g.d.

(*b*) Consumption is at present about .850 rising to a maximum of .980 m.g.d.

(*c*) The population of Sandakan at the time of the 1960 Census was 28,806. Official projections of the Sandakan urban population have not been made, but it is likely that the population will be of the order of 52,000 by 1970 and 84,000 by 1980. Long-term reliance cannot be placed on boreholes.

(*d*) On the basis of the whole population being connected to the water supply it is estimated that the demand by 1968 could be 2.5 m.g.d. (On the basis of 50,000 people at 50 g.h.d.).

(*e*) The population estimates may be over-high, but there are two factors to be borne in mind; the first is that the standard of living accommodation for many people is likely to be substantially improved with the establishment of housing estates and the second is that allowance must be made for the growth of industrial undertakings requiring water. The industrial growth of Sandakan, though the prospect may seem remote at this stage, will be inhibited if adequate supplies of water are not available.

(*f*) Consultants have been briefed and have made a preliminary report, which makes recommendations for an interim scheme, and for a major permanent scheme.

(*g*) The major scheme involves forming a storage reservoir on the Sungei Garinono and constructing a 27-mile pipe line to bring the water to Sandakan; the works to have a capacity of 3 m.g.d. in the first instance.

(*h*) The interim scheme to bridge the gap between 1965 and the completion of the major scheme in 1968 involves either the using of additional surface water (Sungei Sibuga) or sinking additional boreholes at at cost of $1 million to $1.4 million.

(*i*) Consultants have been authorised to proceed with detailed design work with a view to implementing the major scheme, and to proceed with detailed investigations for an interim scheme.

(*j*) It is proposed that assistance for the major scheme should be sought from the Government of Canada under the Colombo Plan in terms of manufactured equipment at an assumed value of $15 million out of an estimated cost of $26.2 million.

(*k*) The estimated costs of the scheme are as follows:—

	$
Interim Scheme (say)	1,400,000
Major Scheme	26,200,000
Special investigations and designs to tender stage (but excluding preliminary report)	2,000,000
	29,600,000

264. *Lahad Datu.* Provision is required for the construction of a high level tank and for stabilisation of stream banks in the vicinity of the proposed intake. The estimated cost is $60,000.

265. *Tawau.*

(*a*) The capacity of the existing supply on completion of the works provided for in the period 1959-1964 is .500 m.g.d. Consumption is running at .500 m.g.d. but intake and capacity may possibly be expanded by increasing the efficiency of operation.

(*b*) The existing source of supply can be doubled but it is, nonetheless, limited and is in any case much too close to the centre of town for long-term development. It is proposed to brief consultants to carry out investigations into a long-term source of supply before spending further money on increasing the capacity of the existing supply.

(*c*) Estimated costs are as follows:

	$
Consultants' Report	400,000
Priority II — New Scheme (say)	3,000,000

266. *Keningau.* It is proposed to install a treatment plant. The estimated cost is $150,000.

267. *Tenom.* The existing supply has on occasion to be augmented by pumping turbid and polluted water from the Pegalan River. The existing supply achieves between .06 and .10 m.g.d. It is proposed to place a new supply comprising river intake treatment plant, pumping plant, service reservoir and mains in priority II. The estimated cost is $500,000.

268. *Beaufort.* It is proposed to provide for an additional source of supply. The estimated cost is $50,000.

269. *Labuan.* With the completion of the 1959-1964 programme the well supply for this island will supply .300 m.g.d. This would suffice for purely civilian requirements, but with the stationing of armed forces on the island, the capacity of the filtration plant will have to be doubled. Total estimated cost is $80,000.

270. *Ranau.* The capacity of the supply installed during the period 1959-1964 is .228 m.g.d. With the growth of building in the area, and the completion of the new Secondary School there in 1964 it is necessary to provide for a treatment plant — $100,000

271. *Minor Water Supplies.*

(*a*) There are a number of minor townships which are still without piped water supplies. The following table shows the cost of supplying fully treated water to certain minor townships and the population of the townships:—

	Capital Cost	*Population*
	$	
Sipitang/Mesapol	700,000	1,500
Membakut	750,000	3,500
Weston/Lingkungan	350,000	1,000

(*b*) The following townships at present have no piped water supply:—

Sipitang	Kinarut	Sepulot	Beluran
Mesapol	Kawang	Pensiangan	Lamag
Membakut	Weston	Telipok	Kunak
Bongawan	Sindumin	Tenghilan	Putatan
Tambunan	Bandau.		

(*c*) On the assumption that a fully-treated supply will cost $500,000, then, to meet these demands, the total cost might be of the order of $10 million.

(*d*) It is not considered that funds can be spared to carry out a programme of fully-treated supplies for all the townships listed. Policy will be to provide fully-treated supplies for minor townships in coastal areas where travellers enter the State by sea bringing a risk of cholera infection. In other townships, policy will be to provide low cost unfiltered system with or without chlorination.

(*e*) $1,500,000 are set aside for these supplies.

272. *Rural Water Supplies.*

(*a*) In some cases the dividing line between Minor Water Supplies and rural water supplies will not be clear. The latter are considered to be Kampong supplies. These will involve piped water from streams in hills, or from wells in low lying areas. Such supplies will not be treated and as a general rule will not be chlorinated.

(*b*) Provision of $400,000 is made for these rural water supplies which will be primarily the responsibility of Local Authorities with funds provided under Rural Development Programme — Water Supplies.

273. Provision is also made for investigations, drilling, mains extensions, purchase of meters, contingencies at a total cost of $6.600 million.

274. *Summary.*

FIRST PRIORITY	$	SECOND PRIORITY	$
Jesselton	2,550,000	Tuaran/Tamparuli ...	750,000
Kota Belud	50,000		
Kudat	422,000	...	3,600,000
Sandakan	29,600,000		
Lahad Datu	60,000		
Tawau	400,000	...	3,000,000
Keningau	150,000		
Beaufort	50,000	Tenom	500,000
Labuan	80,000		
Ranau	100,000		
Minor Water Supplies ...	1,500,000		
Rural Water Supplies ...	400,000		
Investigations	800,000		
Drilling including plant installations ...	500,000		
Extensions to mains ...	2,000,000		
Purchase of meters ...	500,000		
Contingencies	3,000,000		
Continuation works ...	324,537		
	42,486,537	...	7,850,000
Total — Water Supplies, say, ...	42,500,000		

(*b*) SEWERAGE

275. With the growth of the main towns, and in particular Jesselton, Sandakan and Tawau, it is necessary to make some provision for the expansion of the existing water-borne sewerage system. Provision of $5 million is made accordingly.

276. At this stage of the State's development, the extension of such systems to sub-urban areas and to minor towns cannot be justified and reliance must be placed on properly designed and installed septic tanks at the expense of developers and householders in places where adequate water supplies exist.

(*c*) ELECTRICITY

277. Table 4-5 shows the generating capacity at the main stations, the units sold, and projections up to the end of 1970.

TABLE 4-5

	Gen. Cap. MW	Units Sold MILLION	Gen. Cap. MW	Units Sold MILLION	Gen. Cap. MW	Units Sold MILLION	Gen. Cap. MW	Units Sold MILLION
1957 ...	1.00	2.79	—	—	0.38	0.90	—	—
1958 ...	1.50	4.15	—	—	0.38	1.07	0.19	0.30
1959 ...	1.50	5.44	1.25	1.46	0.38	1.35	0.19	0.56
1960 ...	1.50	6.69	1.90	3.56	0.38	1.59	0.19	0.80
1961 ...	2.25	7.73	1.90	4.28	0.38	1.79	0.64	1.33
1962 ...	2.25	9.59	1.75	5.80	0.38	1.81	0.64	1.87
1963 ...	2.75	12.05	2.75	7.13	1.00	2.89	1.00	2.45
1964 ...	3.50	13.90	3.50	8.50	1.50	4.00	1.00	2.94
1965 ...	5.00	16.70	3.50	10.30	2.25	4.80	1.50	3.50
1966 ...	6.50	20.00	5.00	12.40	2.25	5.60	1.15	4.20
1967 ...	6.50	23.00	5.00	14.90	2.25	6.50	2.25	5.10
1968 ...	9.50	27.60	6.50	17.90	2.25	7.50	2.25	6.20
1969 ...	12.50	32.00	9.50	20.05	3.25	8.80	2.25	7.30
1970 ...	12.50	37.00	9.50	23.50	3.25	10.05	2.25	8.40

278. To meet the expected growth of demand at these main stations, together with the growth at smaller stations, the total generating capacity must be increased from 10,919 kw in 1964 to 30,670 kw by the end of 1970. It is estimated that this together with increased transmission and distribution liabilities. buildings etc. will cost $14,650,000.

279. The Board estimates that it can find $12,866,000 of this from its surpluses after paying interest on capital, dividend of five per cent per annum and providing for depreciation, the balance to be covered by bank overdrafts.

280. On the other hand, capital expenditure does not keep pace with revenue accruals and the Board requires to draw on a "tap" loan of up to $6,000,000 which drawings the Board will repay in whole or in part at the end of each year without resort to bank overdrafts. It is considered that this can be done by the State Government from its reserves without making express financial provision.

281. It is also proposed that the State Government should convert its $4,000,000 debenture holding into ordinary stock and invest a further $2,000,000 therein.

282. There are therefore no significant long-term new financial commitments required to finance normal development of the Board's activities.

Power-Generation — Jesselton Area

283. Abnormal development costs have to be faced in the case of Jesselton. Table 4-5 shows that it is estimated that almost forty million K. W. will be sold in the Jesselton area in 1970. At that stage no economies can be gained by the further installation of diesel generating units. Assuming that forecasts of consumption are reasonable a decision ought to be taken in 1965 whether hydro-electric or thermal generating is to be installed to provide power by 1970. If the former, the detailed engineering planning will have to be commenced in 1965; if the latter consultants will have to be briefed in 1967.

284. A Report was made in August, 1963, by the Snowy Mountains Hydro-electric Authority under the terms of the Colombo Plan (a Report which the Government of the State of Sabah gratefully acknowledges) on Preliminary Hydro-Electric Investigations in the then Colony of North Borneo. The Report states, inter alia, that a head of 300' between the Papar River at Kaiduan and the Kinarut could be developed to provide hydro-electric energy at three cents per K. W. H., and that the ultimate capacity of the power station could be forty-five M. W. In the course of 1964 futher hydrological investigations are being carried out, and it is not yet known whether they will endorse the feasibility of the scheme. Diamond drilling investigations are still awaited and will be carried out once the hydrological investigations show that the matter can be taken further.

285. The Preliminary hydro-electric investigations so far carried out are not conclusive. On the facts that are available it is proposed that:—

(*a*) $40 million or $25 million should be noted as a liability for an hydro-electric or a thermal scheme respectively;

(*b*) the International Bank for Reconstruction and Development should be asked to make an economic appraisal in conjunction with the Snowy Mountains Hydro-Electric Authority in terms of a hydro-electric scheme if the hydrological and diamond conjunction investigations are favourable, and/or in conjunction with approved consultants in terms of a thermal scheme;

(*c*) a loan should be sought from the I. B. R. D. for whichever scheme is favoured.

On the other hand it is proposed to make token provision of $9 million only in the Plan on the grounds that with the resources likely to be available it is not of overriding importance that the hydro-electric or steam scheme should be completed by 1970.

286. *Rural (Kampong) Electrification*

(*a*) The present policy of the Board in regard to rural electrification is set out in the section dealing with Progress 1959-1964. In brief, the approach has been that there must be at least a 100 potential consumers, and where the estimate surplus of revenue over station expenditure including provision for depreciation is less than seven per cent the Board will not undertake the scheme unless there is a subsidy.

(*b*) Policy to be adopted will be basically that adopted in Malaya, namely—

Electricity is a desirable amenity rather than a necessity. A supply can be provided only where there is a sufficient population to ensure an economic return.

In any event, heavy capital expenditure is inevitable and consumers may well be charged initial installation fees on this account in addition to incurring the continuing charges for current consumed.

287. *Practical Considerations.*

(i) Technically a supply of electricity can be extended to any place which lies within half a mile of;

a tappable S. E. B. transmission line;

an existing generating source,

or can be supplied by the installation of a separate generator. Economically such supplies are feasible only where they serve a population of not less than 100 householders concentrated within a circle of half a mile radius.

(ii) It is proposed, therefore, to pursue the provision of electricity in the rural areas through the Sabah Electricity Board and to supplement the sum of $200,000 now made available each year by the Board for the purpose of implementing schemes in respect of which the economic return is limited. The sum of $2 million mentioned in paragraph 281 above will be used for this purpose. Each scheme will be fully costed and carry its normal share of overheads and depreciation, the resultant deficit to be carried by Government as a subsidy to the Board in the annual State Estimates.

288. The summary of the Electricity requirements is therefore as follows:

	$
Purchase of Sabah Electricity Board Stock	2,000,000
Preliminary allocation of funds for the Hydro-Electric or Thermal Scheme	9,000,000
Normal Development	14,650,000
	25,650,000

SECTION 3 — OTHER ECONOMIC SERVICES

(*a*) AGRICULTURE

289. The apparent prosperity in recent years has been narrowly based, and the bulk of the farming population, in so far as it is dependent on rubber, is absolutely less well off than it was ten years ago, as the price of rubber is lower and the quantity of rubber exported is no greater than it was at that time. The effects of this are no doubt mitigated by growing Government expenditure in furtherance of its development plans, and by the sale of cash crops, beef, pork, fowl and eggs for which an expanding market is available. Generally, the prosperity of the State over the last five years reflects, directly or indirectly, the prosperity of the timber industry in which a relatively small number of the population directly participates.

290. Attention has also been drawn to the fact that although there has been some diversification of agriculture production this has in the main been done by large and small estates and not by smallholders. For the purposes of this Plan, a smallholder is one working a holding of twenty-five acres or less.

291. The Land Alienation Policy of the State Government announced towards the end of 1963 aims to ensure that the profits accruing from the exploitation of timber outside Concession and Special Licence areas are used for the benefit of the people of the State as a whole. The principle is that timber is a State asset and not the perquisite of the lucky few who have applications for agricultural land which is under commercial timber. Agricultural land under timber will be prelogged under Government contract and the proceeds will be credited to the Development Fund. Where land is under application for large and medium holdings outside settlement schemes, the land will still be prelogged if it carries commercial timber.

THE AIMS OF AGRICULTURAL POLICY

292. The aims of agricultural policy for the period 1965-1970 can be summarised as follows:—

(*a*) the opportunity must be given for the rural population to possess at least the minimum economic holdings in order that it may achieve as high a standard of living as possible and make the maximum contribution to the economy of the State and of Malaysia;

(*b*) through training schools and demonstration centres and by example, to teach and to encourage sound agricultural practices so that efficiency and productivity may be increased;

(*c*) a determined effort must be made to diversify agricultural production, including the keeping of livestock and the development of fisheries. This effort should be directed especially to smallholders, in order to reduce the dependence of the smallholder on rubber and of the State on timber;

(*d*) to raise the nutritional standards of the rural dweller by more varied agricultural production;

(*e*) agricultural production by large and small estates will be encouraged, but, bearing in mind the shortage of labour and the needs of the rural population, the primary concern of Government will be in the fostering of smallholder production.

293. Given these broad aims, consideration must be given to the measures required to implement them. The measures can be viewed under the following headings—

(*a*) the population to be assisted;

(*b*) the methods of assistance:

(*c*) the crops which should be encouraged;

(*d*) new land which should be developed;

(*e*) the improvement and development of the rearing of livestock;

(*f*) the improvement and development of fisheries;

(*g*) institutions required.

THE POPULATION TO BE ASSISTED

294. This falls into three sections—

(*a*) those who have no settled agricultural existence and no land under permanent cultivation;

(*b*) those who have holdings which are uneconomic in size and insufficient to support the family;

(*c*) those who have potentially economic holdings but who require assistance and encouragement in developing them to the best advantage of themselves and their country.

Using 1960 Population Census figures—

Total population		454,421
Less urban population	83,674	
Immigrant population ..	36,486	120,160
		334,261

295. Assuming the size of the family is 5.66 there are, say, 59,000 families who obtain their living from the countryside.

296. Sampling in the Agricultural Census suggests that 44,000 families had less than ten acres and of these 31,000 families had no land at all or less than five acres. It is assumed therefore that at the time of the 1960 Census, 35,000 families had no land or were on uneconomic holdings.

297. Taking into account economic sized lots alienated since 1960, the ultimate target is to deal with 18,600 families or 3,100 a year. In view of the administrative problems involved in handling these numbers, and indeed the cost, and the uncertainty about the response of people to proposals that they should move, it is proposed to set the target at 12,000 families, and to review the position during the currency of the Plan.

THE METHODS OF ASSISTANCE

298. Assistance will take one or more of the following forms:—

(*a*) the making available of new land or additional land;

(*b*) the making available of planting material and fertilisers;

(*c*) the settlement of people by felling of jungle, by the provision of houses, tools, livestock and seed for cash crops and the payment of subsistence allowances were necessary and until the settlers can be reasonably self-sufficient;

(*d*) assistance through agricultural extension and demonstration work.

299. No provision is made here for the acquisition of land though in section 3 (*c*) of this Chapter provision is made for the purchase of land on undeveloped estates which could be developed by smallholders. On settlement schemes land will be premium-free, and free of survey fees.

300. The cost of planting material and fertilisers is dealt with below.

301. As regards direct forms of assistance, this must vary considerably depending on the circumstances of the persons involved. In certain cases people will need every form of assistance and encouragement that Government can supply. In other cases people will already have some land and a house, and the scale of assistance can be substantially reduced. Taking a fair average, scales of assistance might be on the following basis per family:—

	$
(*a*) House	900
(*b*) Tools	50
(*c*) Planting material for subsidiary crops and fertilisers ...	120
(*d*) Subsistence	1,440
	2,510

For 12,000 families over the period, the cost might be $30,120,000.

THE CROPS WHICH SHOULD BE ENCOURAGED

302. The present situation as regards agricultural production in the State is as follows:—

	Acres	Area acres	Irrigated area acres		Average production acre
Wet Padi ...	... ...	65,900	25,000		1 ton (400 Gantangs)
	Total area	Mature area	High Yielding	Mature h/y	Production 1963
Rubber ...	233,000	114,000	117,000	19,000	21,220 tons
	Total area		Estates	Smallholdings	Production 1963
Abaca ...	5,000	—	6,500	—	56 tons of oil
Oil Palms	6,500	—	5,000	—	3,638 tons
	Total Area				Copra production 1963
Coconuts	90,000	—	—	—	18,323 tons
	Total area		Estates	Smallholders	Production 1963
Cocoa ...	5,500	—	5,500	—	756,028 lbs.
	Total Area				Production 1963
Tobacco	2,000	—	—	—	(?) 300 tons

303. *Rice*

(*a*) The State imports between one-third and one-quarter of its rice requirement. It is not the policy of the State to adopt measures to achieve self-sufficiency in rice in view of the overall shortage of labour, and as other crops, and other forms of economic activity, will yield a better return both to the individual and to the economy than padi cultivation.

(*b*) It will be the policy of the State to discourage dry padi cultivation in view of the damage caused by erosion and in order to encourage a more settled economy.

(*c*) It will be the policy of the State to encourage where necessary the cultivation of wet padi as part of the policy of settling hill people, and coastal and riverine people, whose lot can be improved by giving them a secure basis on wet padi land.

(*d*) It will be the aim to improve the production and quality of wet padi by the provision of irrigation/drainage works where these can be done without costly installations.

(*e*) It is estimated that 4,000 acres a year, or 24,000 acres over the period could be brought under wet padi cultivation and that irrigation/drainage facilities improved for existing padi areas at the rate of 3,000 acres a year or 18,000 acres over the period.

(*f*) 24,000 acres of new padi land would imply the settlement of 8,000 families; it is not considered that this target is attainable and therefore it is proposed to provide for the irrigation/drainage of 12,000 acres at $400 an acre i.e. $4,800,000. The figure of 12,000 acres is arbitrary but represents what can be afforded and what can be technically accomplished.

(*g*) Although improvement of the irrigation/drainage of existing padi land is desirable, it is not considered that the target of 18,000 acres can be afforded or regarded as essential; it is therefore proposed to provide for the improvement of 9,000 acres at $300 an acre i.e. $2,700,000.

(*h*) Plant hire costs for new and improved drainage and irrigation works are estimated at $1,300,000.

(*i*) It is proposed to provide $300,000 for the planting of new varieties of padi, for encouraging the use of artificial fertilisers and for double cropping trials.

(*j*) It is proposed to provide $480,000 for the supply of buffalo for new wet padi areas.

204. *Rubber*

(*a*) The approach to this crop presents difficulties. There is a strong tradition of rubber planting and it is a crop which is known. The rate of new planting in recent years has been 15,000 acres a year. In spite of this, as has already been noted, production has not yet increased. This is in part due to the scarcity of rubber tappers on medium size holdings coupled with the low price.

(*b*) New planting has been financed by the Rubber Fund Board (with additional finance during the period 1959-1964 from Government) from the proceeds of the cess and using bank finance. But it must be pointed out that assistance in the form of planting material and fertilisers (at a cost of $120 an acre) has been issued under Fund B of the Rubber Planting Scheme to holders of land of any size and who have elected to join Fund B and irrespective of their means. Although this cannot be proved, there is evidence to suggest that cheap land together with the spread of road communications, and the availability of free material and fertilisers, have over-stimulated rubber planting which in a sense has become a cheap investment to be realised should the price return to some of the more buoyant levels it has on occasions reached in recent years.

(*c*) On the other hand, the State does have a substantial investment for the future in high yielding rubber and on soils which would be unsuited for the cultivation of alternative crops.

(*d*) It is assumed on the basis of I. B. R. D. forecasts that the price of rubber in 1970 will be fifty cents a pound f.o.b. yielding a price of thirty-seven cents on the holding.

(*e*) The aim is to diversify agricultural production and therefore not to place as much emphasis as hitherto on rubber at the same time bearing in mind that many soils are suited to rubber only and that if high yielding material is not available there is a danger that kampong seedling rubber will be planted.

(*f*) The proposal is to plant 10,000 acres in each of 1965 and 1966 and 8,000 acres in each of the next few years, making a total of 52,000 acres; at twelve acres a family this would provide in theory holdings for some 4,300 families. In practice much of this will be planted by medium size smallholders outside the economically depressed group which is the primary concern of the State. At $120 per acre, the cost will be $6,240,000.

(g) It is in the interest of the State to encourage replanting in areas which are already developed; it is proposed to provide for the replanting of 1,000 acres a year at a cost of $550 an acre; on this basis the cost would be $3,300,000.

	$	$
(h) The total cost of planting and replanting ...		9,540,000
Less estimated produce of the cess	5,990,000	
Less interest charges	1,300,000	4,690,000
		4,850,000

(i) The sum of $3,600,000 will be required over the period to enable loans to be made for the establishment of rubber factories and for the provisions of cups and hangers.

(j) Indications are that loans to medium and small rubber holders would be of assistance during the three-year period after planting at rate of $100 an acre per annum. Smallholders on settlement schemes who are getting assistance would not be eligible for these loans. The loans would carry interest and it is not known what demand there would be for them, and it is proposed to insert a token figure of $1,000,000.

305. *Coconuts*

(a) The estimated yield per acre should be ten pikul of copra per annum and the value on the holding is $20 a pikul i.e. $200 an acre.

(b) The maximum area for a family is twenty-five acres; the return from the holding is low but might be augmented by the grazing of cattle.

(c) It is proposed to support the planting of 25,000 acres of coconuts (sufficient for 1,000 families).

(d) The cost of new planting is $100 an acre and the total cost will be $2,500,000.

(e) It is proposed to support smallholder replanting of 3,000 acres at $550 an acre i.e. a total cost of $1,650,000.

(f) The sum of $500,000 will be required over the period to enable loans to be made for the purchase of processing equipment.

306. *Oil Palms*

(a) The estimated average yield is 1¼ ton of oil an acre per annum and 6⅔ cwts of kernels.

(b) The value is £80 a ton c.i.f. London or $400 a ton to the smallholder.

(c) The maximum area for a family smallholding is fifteen acres.

(d) It is proposed that family smallholdings should be developed at the rate of 3,500 acres a year for 1965 and 1966, and 7,000 acres a year for the next four years i.e. a total of 35,000 acres. This would be sufficient for about 2,300 families.

(e) The cost of planting material and fertilisers is $200 an acre; therefore the total cost is $7,000,000.

(f) The sum of $1,400,000 will be required over the period to enable loans to be made for the purchase of processing equipment.

307. *Cocoa*

(a) The estimated yield per acre is 700 lbs per annum. The value on the holding is seventy cents a pound or $490 an acre.

(b) The maximum area for a family smallholding is fifteen acres.

(c) It is proposed to support the planting of 2,400 acres of smallholding (sufficient for 160 families).

(d) The cost of planting is $200 an acre and therefore the total cost will be $480,000.

(e) The sum of $18,000 will be required over the period to enable loans to be made for the purchase of processing equipment.

308. *Abaca*

(*a*) The estimated yield per acre should be three-fifths of a ton; the value on the holding is $800 a ton or $480 an acre.

(*b*) The maximum area for a family smallholding is fifteen acres.

(*c*) It is proposed to support the planting of 600 acres, sufficient for forty families and at $300 an acre would cost $180,000.

(*d*) The sum of $30,000 will be required over the period to enable loans to be made for the purchase of processing equipment.

309. *Tea, Fruit, Tobacco and Vegetables*

It is proposed to make provision as follows:—

	$
Tea — 400 acres at $400 an acre	160,000
Fruit — 1,800 acres at $333 an acre	600,000
Tobacco	200,000
Vegetables	100,000
	1,060,000

310. Reference has been made above to the need for money over the period to finance processing equipment for various crops. The figures involved are as follows:—

	$
Rubber	4,600,000
Coconuts	500,000
Oil palms	1,400,000
Cocoa	18,000
Abaca	30,000
	6,548,000

It is likely that some loans will be made by the banks and therefore it is proposed to make additional provision of $3 million for the Credit Corporation to enable loans to be made at its discretion to smallholdings for the purchase of processing equipment of one sort or another, and for loans to assist over three maintenance years after the planting of rubber.

311. The provisions made for the various crops in terms of acreages do not allow for a total of 12,000 families but do allow for the planting of seventy per cent of the holdings by the end of the period.

312. The basis of settlement schemes in Sabah is as follows:—

(*a*) a lot is allocated as soon as possible to the settler;

(*b*) a title is issued to the settler as soon as satisfactory progress has been made in the development of the lot;

(*c*) families are settled on their holdings, and not in a centralised Kampong;

(*d*) the payment of subsistence allowance to a settler is for a relatively short period and is dependent upon work done on the development of the holding;

(*e*) the opening up and planting up of the individual holdings is done by the settlers themselves;

(*f*) the assistance given is regarded as an outright grant, and not as a loan.

313. It is not claimed that this is an ideal method, nor, indeed, that is necessarily the best method. A fundamentally different system is adopted in Malaya and considerable experience has been gained of its working. The following draws attention to the differences between the two methods and some of the issues involved:—

(*a*) In Malaya, land is cleared, planted up, roads built and houses constructed before the settlers are brought on to the scheme; in Sabah there is a grave shortage, and in some places a complete absence, of contractors capable of opening up the land, building the roads, planting, and building houses; even if contractors were available the shortage of labour would make much of this work slow and difficult;

(*b*) to have all the preparatory work done by contract before the settler arrives is attractive both politically and to the settler, and it will give the settler a greater chance of success; further it is accepted that the financial risk to Government is likely to be much less when the initial work has been properly done by skilled contractors. On the other hand the costs per family are likely to be substantially greater than under the informal system adopted so far in Sabah and would therefore involve a limitation of the number of families who can be helped, within the present financial limitations;

(*c*) the aim in Sabah is to build up the landless family into an independent settler family; it is thought that the settler (whatever limitations he may have as an agriculturalist) will take a greater pride in his land and work, if he knows that he is working on his own land for himself and not in a form of communal work with no allocation of land until the main crop is in bearing, and no title to the land until the debt is paid off;

(*d*) although the repayment of the value of the assistance by the settler to Government over a long period is attractive to Government, some doubt has been felt in Sabah whether it is desirable to burden the settler and his family with considerable indebtedness which may not be paid off in the lifetime of the head of the family;

(*e*) the F. L. D. A. system postulates an efficient special administrative organisation, with good field staff and management; in Sabah it would be most difficult to build up such an organisation without calling on limited Government resources which are already seriously stretched; the Sabah aim has been, and continues to be, to use such resources which are available to Government supplemented as funds and staff become available;

(*f*) this is not to say that the F. L. D. A. approach will not, or should not, be accepted in Sabah. It is however felt that however successful the Malayan method is in the peninsula, it is not necessarily applicable in all respects in Sabah. The Malayan F. L. D. A. type of approach is so fundamentally different that, if it is to be adopted, the targets set in this section cannot be achieved within the finance available, and will in any case introduce a new set of choices for the ra'ayat with which he is infamiliar.

314. *The Land to be Developed*

Despite the opening up of new land in recent years, it is noticeable that land in already developed areas often lies neglected. It will be the aim to ensure that wherever possible and suitable, land in developed areas should be brought into production and to this end assistance will be given in so far as it is necessary.

315. As has already been mentioned above it will also be policy to assist in the development if existing holdings so that they may be better farmed and give a better return to the smallholder and to the country.

316. The major problem is the provision of land for those who have none or insufficient. In many instances this will involve the physical removal of people away from their traditional homes to areas which are wholly unfamiliar and where their new way of life will constitute a major upheaval of their existence. It cannot be expected that such movements can be rapidly effected nor, when people are moved, can it be hoped that the process of settlement will be smooth and rapid.

317. Of all the crops planted in the State, padi gives perhaps the poorest return measured in finance. As has been emphasised above the time spent on padi cultivation could be spent to the better advantage of both the family and of the State by planting other crops, and by earning wages in a labour hungry market. On the other hand, padi cultivation provides a basic foodstuff for the family, and constitutes a sure basis for family and corporate existence whatever vicissitudes attend the economy. By and large therefore it will be the aim to settle such people (who genuinely want padi land) on holdings of three acres of wet padi in addition to holdings for permanent crops. At the same time it must be remembered that certain areas in the State with good soils on which people can and should be settled either have no wet padi land, or if there are pockets of land which can be developed for wet padi, they are restricted in size. In many cases, therefore, settlers may have to be persuaded to "leap frog" the wet padi stage.

318. As the first priority it is proposed to develop additional padi areas in the following places:—

Kota Belud	1,000 acres
Bandau	4,000 acres
Lohan (Ranau)	2,000 acres

It will of course be the aim to develop other permanent crops where possible in association with the padi holdings. This will not preclude the development of other smaller padi areas elsewhere.

319. At the same time a major oil palm settlement scheme over an area of 3,600 acres will be developed on the Klias peninsula. There will be no padi in this area.

320. Settlement work will continue on the Sandakan peninsula and Tawau settlement schemes. None of these is associated with padi cultivation.

321. Insufficient information is yet available to say at this stage, and particularly until the Report of the Labuk Valley Natural Resources Surveys is available, to what extent and what priority will be given to the development of areas in the Labuk Valley by smallholders. It is likely however that Kiabau will be developed as a padi scheme in conjunction with other crops. Other areas are under investigation.

THE IMPROVEMENT AND DEVELOPMENT OF LIVESTOCK

322. *Cattle*

(*a*) It is proposed to import cattle to carry out trials on the breeding of cattle in new areas of coconuts now being developed on the East Coast.

(*b*) It is proposed to import 500 heads of cattle at $600 a head. Provision of $300,000 will therefore be required.

323. *Pigs*

(*a*) It is proposed to continue with the importation of Canadian Berkshires crossing with local pigs and the distribution of cross breeds.

(*b*) Pigs will be issued to settlers on approved settlement schemes. Otherwise they will be sold.

(*c*) It is proposed to make $500,000 available for pig breeding.

324. *Poultry*

(*a*) A poultry incubation centre is being developed with funds made available by the Freedom from Hunger Campaign.

(*b*) Distribution of poultry will be made on a payment basis, or free on settlement schemes.

(*c*) It is proposed to make $500,000 available for the supply of poultry.

325. *Other Livestock*

$100,000 will be made available for the development of other livestock including goats.

THE IMPROVEMENT AND DEVELOPMENT OF FISHERIES

326. *Inland Fisheries*

(*a*) It is proposed to make grants to District Councils for the provision of tanks in markets for the sale of fresh water fish. Provision of $12,000 will therefore be made for this purpose.

(*b*) It is proposed to make provision of $120,000 for the encouragement of the establishment of fresh-water and brackish water ponds.

327. *Marine Fisheries*

(*a*) It is considered that funds will be required to assist with the establishment of small ice factories and fish processing factories in order that the fishing industries of the State can be developed. There appears to be no reason why loans cannot be made on commercial terms. It is considered that a sum of $900,000 will be required over the period.

(*b*) It is also intended to encourage native fishing co-operatives and finance will be required for making loans to such co-operatives. It is proposed that fifty per cent grants should be made to assist fishing co-operatives, and $300,000 are provided accordingly.

(*c*) On this basis a sum of $1,200,000 will be required for loans over the period and it is considered that in view of repayments it would suffice if provision is made of $500,000 for additional finance with the Credit Corporation to enable the Corporation to issue loans at its discretion.

(*d*) It is proposed to make provision of $300,000 for the purchase of fishing equipment for issue on a grant basis where necessary.

(*e*) $120,000 are set aside for the assistance to fishermen in the establishment of cockle and oyster cultivation.

MARKETING

328. (*a*) It is considered that expert advice should be obtained on the marketing of livestock, i.e. beef and pork, and on the marketing of fish. Subject to this advice it is likely that a marketing organisation will be set up in the interests of both producer and consumer.

(*b*) It may also prove desirable to set up marketing organisations for vegetables.

(*c*) It is proposed to set aside $1.5 million for the development of marketing organisations in the form of loans to such organisations.

INSTITUTIONS, RESEARCH AND EXTENSION FACILITIES

Agriculture

329. It is proposed to provide a sum of $623,000 for the extension of buildings at the main Agricultural Research Station at Tuaran, for additional buildings at the Oil Palm Research Station at Mile 32 Sandakan and for the Cocoa Research Station at Quoin Hill, Tawau. This includes provision of $400,000 for an Oil Palm Factory.

330. The Oil Palm Factory will be part of the Oil Palm Research Station at Mile 32 Sandakan. The Station estate which has an area of 1,300 acres, of which 500 acres will have been planted. will be run as a Research and Demonstration Centre. $120,000 are provided for the development of a further 200 acres of oil palms at Mile 32.

331. A sum of $167,000 will be provided for transport and equipment for the various research stations.

332. $200,000 are provided for six Rural Training Centres.

333. A sum of $300,000 is provided for accommodation in remote areas for staff on settlement schemes.

334. A sum of $280,000 will be provided for lorries, land rovers and boats.

335. A sum of $300,000 is provided for pest control equipment.

Animal Husbandry

336. A sum of $275,000 is provided for the buildings, equipment, etc., for the establishment of an Animal Disease Research Centre. It is thought that assistance might be obtained in the establishment of this institution under the Colombo Plan.

337. A sum of $150,000 is provided for two trainee hostels, one to be stationed in Jesselton and the other at Sebrang, Keningau.

338. A sum of $200,000 is provided for the extension of the existing station at Sebrang, Keningau, and a sum of $90,000 is provided for the establishment of a station at Kota Belud.

339. A sum of $190,000 is provided for the purchase of vehicles and tractors for the Animal Husbandry Branch. It is thought, however, that these items might be items for Colombo Plan Assistance as this has been supported in the past by the Government of Australia.

340. It is proposed to provide $300,000, at the rate of $50,000 a year for the improvement of scrub-land in the State designated as grazing reserve. The grazing is of poor standard and is not sufficient to support the stock grazing thereon.

341. It is proposed to provide a sum of $100,000 for temporary housing for staff living in remove areas on settlement schemes.

342. A sum of $100,000 is provided for an Animal Quarantine Station.

Fisheries

343. A sum of $575,000 is provided for the establishment of a Fisheries Training Centre including buildings and equipment, and quarters. This proposal has already been the subject of a request for assistance under F. A. O. freedom from Hunger Campaign.

344. A sum of $100,000 is provided for the establishment of a Fish Breeding Station at Tambunan and for investigations into oyster and cockle culture.

345. Provision of some $60,000 is made for two trawlers for demonstration purposes and $20,000 for vehicles for the transport of breeding fish and of sea fish catches.

Continuation Schemes

346. It is necessary to make provision for the continuation of certain schemes not completed at the end of 1964.

	Total Estimated cost	Expenditure to end of 1964	Balance
	$	$	$
Agricultural Research Station	1,803,450	1,736,450	67,000
Dispensaries and quarters—Bandau, Kuala Penyu, Semporna and Penampang ...	55,000	—	55,000
Klias Oil Palm Development —drainage and irrigation	1,335,000	180,000	1,155,000
Oil Palm Research Station	614,027	584,027	30,000
Prawn culture and investigations	27,000	– 7,000	20,000
Quarantine House	35,000	—	35,000
			1,362,000

Summary of proposals

	$	$
Direct assistance to settlers		30,120,000
Agriculture		
Padi — Irrigation/drainage	8,800,000	
New varieties, artificial fertilisers, and double cropping trials	300,000	
Supply of buffalo	480,000	9,580,000
Rubber — Rubber Fund Board		4,850,000
Rubber Fund Board Self Financing ...		4,690,000
Coconuts		4,150,000
Oil Palms		7,000,000
Cocoa		480,000
Abaca		180,000
Tea, fruit, tobacco and vegetables		1,060,000
Agricultural credit		3,000,000
Animal Husbandry		
Cattle	300,000	
Pigs	500,000	
Poultry	500,000	
Other livestock	100,000	1,400,000

Fisheries	$	$
Fish tanks	12,000	
Fish ponds	120,000	
Grants for trawlers	300,000	
Grants for fishing equipment	300,000	
Cockle and oyster cultivation	120,000	852,000
Fisheries — credit		500,000
Marketing — Credit		1,500,000
Research, extension and training institutions and equipment — Agriculture		1,720,000
— Animal Husbandry		1,315,000
— Fisheries		755,000
Continuation Schemes		1,362,000
		(Say) 74,514,000

(*b*) Forests

347. No provision was made in the 1959-1964 Development Plan for any Government investment involving the special activities of the Forestry Department either in the way of research or investigations. Routine research work and investigations were financed from provision for the department under the Ordinary Budget. In the course of the period, additions to the Forestry Headquarters were made and a new Herbarium was constructed from funds provided under the Development Plan for general building works.

348. Table 4-6 shows the remarkable growth of the State's timber industry during recent years, and the effects on Government revenue:

Table 4-6

	Volume (thousand of cubic feet)	Index	Value	Index	Government Revenue from Royalty
			$m		$m
1958	27,244	100	36.4	100	2.9
1959	40,569	159	61.1	168	3.9
1960	51,258	188	90.7	249	6.0
1961	63,711	234	102.8	282	9.4
1962	69,255	254	122.1	335	11.1
1963	95,868	352	148.7	409	13.8

It is not an exaggeration to say that without this growth in the timber industry the great expansion of Government services and of its development programme during the period 1959-1964 could not have been realised.

349. As a result of the setting up of Malaysia certain major revenues including income tax and the greater part of Customs revenue ceased to be revenues for financing the State's recurrent liabilities and indeed for making contributions towards development in the State.

350. It is not expected that during the period 1965-1970 the growth which has been characteristic of the last six years will be maintained. The concessionaires are now reaching the maximum which they can extract under their concession agreements. The annual licensees system has been largely terminated and for further growth for the time being dependence must be placed on the operations of special licensees and the removal of timber (under the new Land Alienation Policy) from land which is going to be exploited agriculturally. In 1963 the long-term timber industry supplied fifty-eight per cent of the country's total production. Most of the balance came from timber removed from land to be developed for agriculture, and the vast increase in production from this source may cause fluctuations in price.

351. The timber industry depends on the Japanese market to absorb nearly eighty per cent of its production. This dependence on one market is undesirable, but geographically Sabah is well placed to serve that market so the position is better than it appears at first sight. Sabah has competitors, of course, of which the Philippines are the most important. They still provide nearly seventy per cent of Japanese imports, but the emphasis, apparently, is to increase conversion locally, and their exports have been slowly declining. There have been rumours of other countries entering the Japanese market on a large scale, but so far the threat has been potential and not actual. The industry is going to be by far the most significant item in the State's economy during 1965-1970. In its long-term interests and to encourage its further growth and to ensure that this growth is on the right lines a programme of development works is considered necessary.

Pulp Wood and quick-growing timber plantations.

352. It is proposed that a wide coverage of small plots should be planted up during the period 1965-1970 with species such as Albizzia falcata and Caribbean pine in order to assess the possibilities of establishing pulp wood plantations and also plantations of quick-growing timber which might be regarded as a cash crop, particularly in places in the West Coast which in the past have been under jungle and which have now reverted to lallang. This would put land now largely derelict to productive use and would have a beneficial effect in countering erosion and in the safeguarding of water supplies. The scale of the trial plots would be limited, but if they show that major developments would be worthwhile pursuing, these ancilliary benefits would be of great value.

353. Capital costs are likely to be of the order of $130,000.

Timber Testing

354. Although Sabah timbers are tested at the Forest Products Research Laboratory, Princes Risborough and at the Forest Research Institute at Kepong, it is necessary for certain tests to be carried out locally in Sabah. This should assist in the marketing of Sabah's species and in giving technical information to the trade on the potentialities of Sabah's timbers. A case in point is mengaris (Koompassia excelsa) one of the largest trees found in Sabah and sporadically in great abundance. To find some use for this species would well repay expenditure. The capital costs are estimated to be $130,000.

Forest Inventory

355. A knowledge of the timber stock of the State is based on average volumes per acre, and on a hurried classification of land showing productive forests which was carried out from air photographs in 1952. It is likely that the whole of the State will have been covered by air photography by the end of 1965 and that topographical maps for the whole of the State will be completed by 1967. It is considered that an application should be made to the Food and Agricultural Organisation of the United Nations or to a Colombo Plan donor country for technical assistance in drawing up a forestry inventory and provision of $100,000 is included to meet local costs, out of a total estimated cost of $1,000,000.

Forest School.

356. Forest management and silvicultural work and Forest revenue collection in Sabah differ from Malayan practice. There are considerable differences between the composition of the forest in Sabah, Sarawak and Malaya. In Sarawak exploitation is concentrated in the ramin swamp forests which, in Sabah, are insignificant and account for about 0.7 per cent of the timber exports. There is less difference between the forests of Sabah and Malaya, although the stands are generally much heavier in the former and non-Dipterocarps make up a much smaller proportion of the Crop. The timber industry, however, has an entirely different structure, since in Sabah it is geared to the export of logs whereas in Malaya the local market is of the highest importance and exports are confined to sawn timber, generally of high grade. Although the assistance in the Forest Training School at Kepong has been invaluable in training local staff, it is felt that the time has come for Sabah to establish its own forest school. Confusion can be caused in the minds of trainees if they are trained in Malayan practice and then are required to implement a different practice in Sabah. It is proposed to establish a forest school at Sandakan capable of taking twenty trainees a year. Allowing for normal wastage and some expansion in the department it is considered that a school of this size will meet a permanent need. Capital costs are estimated at $330,000 including the school itself, simple quarters for trainees with their families and quarters for staff.

Maintenance of Concession Roads

357. Valuable concession roads are abandoned as timber companies' coupes are worked out. Ten years after the coupes are worked out it is necessary to gain re-entry in the area to carry out silvicultural work. After this ten-year period more frequent visits have to be made to ensure that regeneration is developing satisfactorily. If the State had a more highly developed road system it might be possible to gain entry to the areas from these roads and it is proposed that provision of $200,000 be made for maintenance equipment and buildings for supervisory staff and labour who would be employed on maintaining the roads in a sufficient condition to enable access to be gained. It is proposed that the csot might be shared with the concessionaires themselves.

The summary of the proposals is as follows:

	$	$
(*a*) Pulp wood and quick-growing timber plantations	130,000	
(*b*) Timber testing	130,000	
(*c*) Forest Inventory	100,000	
(*d*) Forest Inventory (Technical Assistance)	900,000	
(*e*) Forest School	330,000	
(*f*) Maintenance of Concession roads ...	200,000	1,790,000

(*c*) *Lands and Surveys*

358. The work of the Department of Lands and Surveys covers both the mapping of the State as well as the handling of applications for land and the issue of titles.

359. By the end of 1967, the whole of the State will be covered with 1:50,000 scale maps. The availability of reasonably large scale topographical maps is an essential prerequisite in planning the development of the State.

360. *Preparation of Maps and Plans.* It is necessary for the Department to be in a position to deal with the increasing number of land applications, the setting out of settlement and development schemes, and miscellaneous works in connection with the preparation and implementation of town plans. To this end it is proposed to provide:—

(*a*) $120,000 for the production, outside the Department, of large scale topographical maps for the planning of settlement schemes;

(*b*) $375,000 for additional plotting equipment;

(*c*) $250,000 for the employment of consultants on urgent work on surveys for road widening, and road traces not involving location of roads;

(*d*) $250,000 for the employment of consultants in the preparation of town plans;

(*e*) $90,000 for the printing and processing of townsheets.

361. *Acquisition of land.* It is necessary for the State to consider the acquisition of land for two main purposes:—

(*a*) under the Country Land Utilisation Ordinance (No. 8 of 1962), to ensure that land becomes available for development and settlement which is at present leased but which has remained undeveloped for many years;

(*b*) with the growth of the towns and the marked shortage of State land, to provide land for new roads, road widening and urban projects.

362. It is proposed to provide $1,025,000 for land acquisition in undeveloped concessions, and $4,000,000 for the acquisition of land both in and outside urban areas where the cost of acquisition cannot, at this stage, be conveniently associated with a specific project.

363. Provision is also made of $500,000 for compensation for the extinction of native customary rights in selected areas of development.

364. *Reclamation.* In the past reclamation schemes have been financed by specific provision in the Development Budget. It is apparent that substantial reclamation schemes will be required in all the main towns, but, as far as possible, it is intended to avoid the locking up of Government finance in such projects, and to encourage, particularly through Borneo Development Corporation Limited, the reclamation and development of the areas by that Corporation, or by other *ad hoc* development corporations which may be set up. It would, however, be expedient to make provision of $3,000,000 for reclamation works which would not ordinarily be handled by Borneo Development Corporation Limited, or other similar bodies. The plant hire element will be $500,000.

365. In so far as substantial areas in the main towns are reclaimed and developed, there will of course be accruals to the State Development Fund by way of land premia, and these might ultimately reach the sum of $50 million, though of course there will have to be offset against this revenue, the costs, the interest charges and commission to be taken by a developer such as the Borneo Development Corporation Limited.

366. *Vehicles, equipment and prefabricated housing.* It is also proposed to make provision for vehicles for the Lands and Surveys Department to the extent of $100,000, and to provide for prefabricated quarters to house staff attached to settlement schemes at a cost of $138,000.

367. In order to assist the Valuation Branch and as a result of aerial survey work, it is considered necessary to provide for an IBM computer at a cost of $370,000.

The Summary of the costs is as follows:—

	$
(*a*) Preparation of maps and plans	1,085,000
(*b*) Acquisition of land	5,525,000
(*c*) Reclamation	3,000,000
(*d*) Plant Hire	500,000
(*e*) Vehicles, prefabricated housing and equipment ...	608,000
	10,718,000

(d) Urban Drainage and Flood Prevention

368. Provision has been made for drainage and irrigation works in connection with agricultural activities under section 4 (*a*) above.

369. It is necessary however to make provision for urban drainage and flood prevention works together with river conservancy and anti-erosion works and also for hydrological investigations and surveys.

370. *Urban Drainage and Flood Prevention Works.* It is proposed to make provision for a programme as follows:—

	$
(*a*) Division of the Tawau River and extension of two main drains	1,000,000
(*b*) Jesselton Drainage	2,000,000
(*c*) Kudat Town Drainage	250,000
(*d*) Contingencies	250,000
	3,500,000

The works set out above will be executed by contract, and therefore represent full costs.

371. *Drainage and Flood Prevention — Rural.* It is proposed to provide a sum of $500,000 (excluding plant hire) for miscellaneous rural drainage and flood prevention schemes.

372. *River Conservancy and Hydrological Works.* This matter demands increasing attention and works are made necessary by the increasing flood volumes due to deforestation and the increase in value of riverside development. It is proposed to provide what amounts to a token sum of $500,000 for these works.

373. *Hydrological Investigations and Surveys.* Provision is made separately for the hydrological investigations in the Labuk Valley, but a sum of $400,000 is made available as a token figure for further hydrological investigations.

374. The total cost of these proposals is $4,900,000; to this must be added provision for Plant Hire Estimated at $300,000. Total-Urban Drainage and Flood Prevention — $5,200,000.

(e) Labuk Valley Natural Resources Surveys

375. Reference has been made in an earlier section of this Plan to two major deficiencies in the Labuk Valley Natural Resources Surveys at the end of 1964. These deficiencies relate to Hydrological and Mineral Resources Surveys.

376. It is proposed, subject to the agreement of the United Nations, to complete the Hydrological and Mineral Resources surveys involving:—

Hydrology

377. The recording and analysis of hydrological records, the maintenance of hydrological stations and the investigation of irrigation, hydro-power and drainage development in the Labuk Valley.

Mineral Resources

378. The carrying out of such geophysical and other follow-up surveys as may be warranted within the area defined in the Plan of Operations.

379. The costs on the United Nations account are estimated to be $1,168,000 and the Government's counter-part contribution in these will be Malayan $328,500.

SECTION 4 — SOCIAL SERVICES

(a) Education

380. The policy to be pursued during the period 1965-1970 will follow the same broad lines as those laid down in 1961. The objectives will be:

(*a*) to provide secondary education for all children who have the ability to take advantage of it;

(*b*) although it was the aim to provide a place in school for every child of primary school age by the beginning of 1971 it does not appear it will be possible to achieve this entirely, nevertheless, to provide a place for a very high proportion of children of primary school age;

(*c*) to extend teacher training;

(*d*) to expand technical and post-primary training.

381. *Continuation Schemes.* There will be a substantial carry-over of works into the period 1965-1970. These can be summarised as follows:

	Estimated Total Cost $	Estimated Expenditure to 31.12.64 $	Balance $
(*a*) Construction of Government Primary Schools, Stage III	3,925,000	3,825,000	100,000
(*b*) School building grants ...	3,104,000	3,004,000	100,000
(*c*) Secondary School (Papar)	1,251,000	1,000,000	251,000
(*d*) Secondary School (Ranau)			
(*e*) Secondary School (Semporna)	1,000,000	350,000	650,000
(*f*) Secondary School (Tamparuli)			
(*g*) Teachers Training College, Jesselton (Gaya College) ...	3,600,000	2,300,000	1,300,000
(*h*) Specialist Trade Centre, Sandakan	300,000	130,000	170,000
(*i*) Kent College Library	50,000	35,000	15,000
(*j*) Labuan Secondary School ...	100,000	90,000	10,000
(*k*) Specialist Teachers quarters ...	100,000	80,000	20,000
TOTAL CONTINUATION SCHEMES ...			2,616,000

382. *Primary Schools*

(*a*) At the end of 1964 it is estimated that there will be 75,000 places in primary schools, both Government and grant-aided;

(*b*) by the end of 1970, it is now estimated that there will be 108,760 children of primary school age, that is in the 6 — 11 age group. On the other hand with the opening of schools in areas where no schools previously existed there are bound to be demands for admission of "over-age" pupils. Further, some pupils are allowed to repeat one or more years of the course. The logical course would be to refuse entry of over-age pupils, and not to allow "repeat years" in the interests of the 6 — 11 age group especially when the number of places in primary schools is insufficient. In practice there must be a compromise between this rigid approach over the needs of the "over-age" and "repeat year" pupils. It is proposed to work on a figure of 113,000 for the 1970 primary school population which will include an allowance of some 4,000 for the "over-age" and "repeat year" pupils. It is acknowledged that the number of "over-age" and "repeat year" pupils may well be in excess of 4,000 and this is likely to prejudice the entry of children of normal primary school age.

(*c*) The number of additional places to be found over the period 1965-1970 is therefore 38,000; of these 38,000 places, it is assumed that Government will find 25,000 and Grant-aided schools will find 13,000 places.

(*d*) Standards of primary school construction vary; in rural areas they are of simple construction unsuitable for erection in congested urban areas. As far as Government schools are concerned, quarters are provided at a ratio of three quarters for five classrooms.

(*e*) The estimate for the average cost of a place in a Government School is $300; this includes the provision of the quarters. For 25,000 places, the total provision required will be of the order of $7,500,000.

(*f*) As far as Grant-aided schools are concerned, the practice is to pay a fifty per cent grant, and therefore a figure of $150 a place is used. For 13,000 pupils the grant-in-aid will be $1,950,000.

(*g*) It is proposed to make provision of $250,000 for Primary School Hostels for selected schools in particularly remote areas.

(*h*) It is proposed to make token provision of $600,000 for the replacement of unsatisfactory Native Voluntary School buildings.

383. *Secondary Schools*

(*a*) At the end of 1964 it is estimated that there will be 8,200 places in secondary schools of which 2,000 will be in Government schools and 6,200 in grant-aided schools.

(*b*) The secondary school age group is taken as 13 — 18. By the end of 1970 it is estimated that there will be 80,000 children in this group. As a working basis the aim is to provide places for about 20,700 children of secondary school age. This implies the provision of about 12,500 additional places.

(*c*) The proportion of grant-aided places to Government places is roughly 3: 1. During the period 1965-1970 it is expected that the rate of increase in Government places will be greater than that of grant-aided places and that of the additional 12,500, the Government might provide 5,150. It is emphasised that there can be no certainty that grant-aided schools will be able physically or financially to provide 7,350 places over the six-year period with Government grants of fifty per cent of the capital costs. The law provides for grants up to 100 per cent, and on this basis it might be necessary to consider a higher rate of increase in the Government sector instead of making 100 per cent grants the rule rather than the exception.

(*d*) It is proposed that certain existing Government Secondary Schools should be expanded as follows:

School	Number or class-rooms at present (excluding specialist classrooms)	Additional Classrooms (excluding specialist classrooms)
Keningau	4	12
Papar	8	12
Ranau	4	10
Semporna	4	10
Tamparuli	4	16
Kota Belud	6	6
Jesselton (Sabah College)	15+	6
Labuan	12+	6
Tawau	12+	3
	69	81

(*e*) The cost of a place, including boarding accommodation for sixty per cent of the pupils is estimated at $1,500 a place where additions are made to an existing school. Eighty-one additional classrooms would provide 2,835 places at a total cost of $4,252,500; with allowance for land, say, $4,300,000.

(*f*) Further, it is proposed that eight additional Government Secondary Schools to provide sixty-six classrooms, hostels and ancillary accommodation. These would yield 2,310 places and at about $2,800 a place would cost $6,468,000; with allowance for land and extraordinary site works, say, $7,000,000.

(*g*) As far as Grant-aided schools are concerned, it is thought that 5,250 places might be by way of additions to existing schools and 2,100 places by new schools. It is normal practice to make grants of fifty per cent of approved costs. The law allows 100 per cent grants but these have only been made under special circumstances. The fifty per cent formula might be applied on the basis of $750 a place for classes which are additions to existing schools, and $1,400 for places at new schools. For the purposes of the Plan it is proposed to provide $7,350,000 calculated at an average cost of $1,000 a place.

Junior College

384. It is considered that the time has been reached in Sabah when serious consideration should be given to the provision of an institution of higher learning. The development of such an institution must necessarily be a slow process especially when it is borne in mind that only one Government Secondary School, and two grant-aided schools in the State have Sixth Forms. The approach which is being considered is to establish a Junior College aiming at a two-year postschool Certificate Course leading initially to Higher School Certificate. It is envisaged that as and when possible the course should be extended to three, four and then five years until a full degree course is provided. Financial limitations do not permit provision being made for the project at this stage, but it is considered that if, during the currency of the Plan, additional finance becomes available, then this project should be considered for inclusion.

385. *Teacher Training*

(*a*) 38,000 additional primary school places by the end of 1970 implies 1,200 additional teachers (allowing for wastage) by the end of 1970.

(*b*) 12,500 additional secondary school places by the end of 1970 implies about 470 additional teachers.

(*c*) Kent College and Gaya College at present between them produce 210 additional teachers a year or 1,260 over the six-year period.

(*d*) It is proposed to increase the capacity of Kent College and Gaya College to enable 310 teachers a year to be trained. The additional works will, it is estimated cost $1,630,000; allow $100,000 for land, the total cost would be $1,730,000.

(*e*) It is proposed to supply three regional training centres taking 210 trainees in all for refresher and specialist courses of varying length. They will not add to the quantity of teachers. The estimated cost of the regional training centre is $1,200,000.

386. *Technical Institutes*

(*a*) It is proposed to replace the Trade School in Jesselton by a Technical Institute. The physical act is necessary in order to provide room for the expansion of Sabah College.

(*b*) It is now proposed to provide one other Technical Institute in addition to the Specialist Trade Centre under construction in 1964 at Sandakan.

(*c*) The aim is to attract students to technical/trade courses of a standard sufficiently high to lead to City and Guilds examination qualifications.

(*d*) Each Institute will provide for 240 trainees with residential accommodation for ninety-six.

(*e*) The main courses will be for full-time students, but courses will also be provided for students released from industry and by way of evening classes.

(*f*) The cost of the Institutes is estimated at $3,000,000, and it is considered that these Institutes might well be established as projects for assistance from abroad and/or from the Specialised Agencies of the United Nations.

387. The summary of the proposals is as follows:—

	$
(*a*) Continuation Schemes	2,616,000
(*b*) Primary schools	8,100,000
(*c*) Grants-in-aid for primary schools	1,950,000
(*d*) Hostels for primary schools	250,000
(*e*) Secondary schools	11,300,000
(*f*) Grants-in-aid for secondary schools	7,350,000
(*g*) Teacher Training	2,930,000
(*h*) Technical Institutes	3,000,000
TOTAL — EDUCATION ...	37,496,000
(say) ...	37,500,000

(*b*) *Medical*

388. The outlines for the development of medical services in Sabah up to 1970 were traced in Council Paper No. 8 of 1963. Paragraph 3 of the Paper envisaged plans being made in the light of:

(*a*) the large increase in population;

(*b*) the young population requiring an emphasis on the care of the mother and child, the school age child and the improvement of nutritional standards;

(*c*) the need for a substantial expansion of services in the rural areas;

(*d*) the need for maintenance of the Anti-Malaria and Anti-tuberculosis campaigns and reduction of mortality from diseases resulting from deficient sanitation in the environment;

(*e*) the need for adequate number of accessible hospital beds;

(*f*) the need for an adequate number of professional and technical staff especially doctors and nurses;

(*g*) the need for training of medical staff.

389. The Paper provided a target of one bed for 400 of the population by 1970, and a minimum standard of one nurse for 2.5 beds. The Paper also envisaged the linking of the hospital services with area or rural health services and that the area services would be responsible for:

(*a*) all aspects of curative and preventive work other than the actual treatment and management of patients in hospitals;

(*b*) the ascertaining and prevention of notifiable and endemic diseases such as malaria, tuberculosis and for the measures necessary to control them;

(*c*) the provision and management of services for the care of the pregnant woman, the mother and the child;

(*d*) the health education of the public;

(*e*) the nutritional aspects of health, in which work they would co-ordinate closely with the Agriculture, Education and other interested departments;

(*f*) the raising of the standard of general and personal hygiene of the area;

(*g*) the development of the system of births and deaths registration;

(*h*) the development of school health services and the health of employees for labour.

390. There are health units which will embrace at least one "cottage" hospital, district health centres, static and mobile dispensaries and village sub-centres. The targets are:

one static dispensary for 8,000 of the population;
one village sub-centre for 2,000 of the population.

The Paper also proposed:

(*a*) additional accommodation for the training of nurses and hospital assistants in Jesselton;

(*b*) simple training schools for assistant nurses preferably at Sandakan and Tawau;

(*c*) a rural training school for rural health nurses.

391. Council Paper No. 8 of 1963 envisaged the planned expansion at a rate which would involve capital expenditure of about $30 million in all over the period 1963 to 1970. Some works have already been put in hand and are included in the list of Continuation Schemes dealt with below.

392. Proposals for the period 1965-1970 can be considered under the following headings:

(*a*) Major hospitals.
(*b*) Cottage hospitals.
(*c*) Area Health Units.
(*d*) District Health Centres.
(*e*) Dispensaries.
(*f*) Village Group Sub-centres.
(*g*) Central Medical Stores.
(*h*) Nurses' Hostel extension.
(*i*) Vehicles/Launches.
(*j*) Miscellaneous Medical Works.

MAJOR HOSPITALS

393. *Queen Elizabeth Hospital, Jesselton*

(*a*) Present Capacity — 195 ordinary beds; 140 T. B. beds. Total — 335.

(*b*) Proposed Works — (i) to construct additional capacity for 180 beds with a view to using 150 on completion leaving space for thirty beds;
(ii) to provide medical equipment therefor, an operating theatre, surgical unit, intensive therapy work, and accommodation for extra staff.

(*c*) Estimates of costs — Building, Equipment, Quarters $4,000,000

394. *Duchess of Kent Hospital, Sandakan*

(*a*) Present capacity — 102 ordinary beds; 69 T. B. beds. Total — 171.

(*b*) Proposed works — (i) to construct additional capacity for 200 beds with a view to using 120 on completion leaving space for eighty beds;
— (ii) to provide medical equipment therefor; a new Outpatients' Department and dental surgery.

(*c*) Estimates of costs — Buildings, Equipment, Quarters $5,000,000

395. *New Hospital, Tawau*

(*a*) The main works are treated as a continuation scheme.

(*b*) Proposed expenditure—

	$	$
(i) Medical and surgical equipment	500,000	
(ii) Additional cost as a result of tenders ...	512,000	1,012,000
396. Total provision for major hospitals is		$10,012,000

COTTAGE HOSPITALS

397. A cottage hospital is a District Hospital. The term "Cottage" implies something less than a major hospital with specialist facilities. The facilities at a cottage include beds for acute cases, chronic cases (such as T. B.) and obstetric cases. The hospitals are equipped with:

An operating theatre with scope for emergency major operations, general or obstetric; and for minor to medium "cold" surgery,

simple X-ray facilities,
simple Laboratory,
a Labour Ward,
outpatient and Administrative Block, kitchen, laundry, mortuary, etc.

398. A cottage hospital is in the charge of a District Medical Officer. Cottage hospitals are the main curative link in the Area Health Services as a whole.

399. It is proposed to provide two new hospitals each of forty-eight beds which will be at Semporna and Papar, and one 30-bed hospital.

400. The cost of a 48-bed hospital is estimated as follows:

	$	$
Buildings	380,000	
Equipment	75,000	
Quarters	330,000	785,000

401. The cost of a 30-bed hospital is estimated as follows:

	$	$
Buildings	260,000	
Equipment	55,000	
Quarters	260,000	575,000

402. In addition, it is proposed to replace the existing 70-bed hospital at Beaufort with a new 125-bed hospital as the existing institution is inadequate in size and there is no room for expansion on the site. Estimated costs are as follows:

	$	$
Buildings	775,000	
Equipment	95,000	
Quarters	525,000	1,395,000

403. The existing cottage hospitals at Kota Belud, Labuan, Keningau, Kudat and Lahad Datu require improvements involving rebuilding of wards and other buildings and additional staff quarters. Estimated costs are $676,000 (including Buildings, Equipment and Quarters).

404. Total estimated costs of cottage hospitals is therefore $4,216,000.

AREA HEALTH UNITS

405. An area health unit is the overall controlling unit in the chain of area health services, and usually comprises several administrative districts. Physical facilities are administrative and technical. The unit forms the base of the area medical officer in charge, assisted by an area health visitor and an area health superintendent, and an administrative assistant with the necessary office and record personnel.

406. It is proposed that there should be eight area health unit Headquarters at:

Jesselton	Beaufort
Tuaran	Keningau
Kudat	Sandakan
Labuan	Tawau

407. Costs are estimated at $2,100,000 (including Building, Equipment and Quarters).

DISTRICT HEALTH CENTRES

408. The district health centre includes the main maternal and child health centre for the district, in charge of the district health visitor aided by registered midwives and/or rural health nurses, district health inspectors and the district tuberculosis unit. The district health centre is essentially a preventive services unit, the main curative unit being either a district hospital or dispensary.

409. It is proposed to establish twenty-two district health centres, some of which will be new, and some of which will represent improvements of existing centres at the following places:—

Lahad Datu	Kota Belud
Semporna	Kuala Penyu
Tawau	Sipitang
Kudat	Beaufort
Bandau	Labuan
Sepulot	Tagas Tagas
Tenom	Kinabatangan
Tambunan	Sandakan
Keningau	Papar
Tuaran	Penampang
Ranau	Jesselton

Costs are estimated as $2,260,000.

DISPENSARIES

410. It is proposed to provide thirty dispensaries at a total cost of $2,045,000, including quarters.

VILLAGE GROUP SUB-CENTRES

411. The village group sub-centre will provide a simple clinic with the services of a rural health nurse and a male health assistant, who is in fact a multi-purpose village health worker.

412. It is proposed to provide 150 sub-centres at a total cost of $870,000 including quarters.

413. *Other Miscellaneous Projects*

	$	$
(*a*) Extension of Nurses' Hostel, Jesselton	500,000	
(*b*) T. B. Control Buildings	230,000	
(*c*) Miscellaneous medical works and equipment ...	1,200,000	
(*d*) Vehicles/launches	480,000	
(*e*) Central Medical Stores	265,000	2,675,000

414. *Continuation Schemes*

	Total Estimated Cost	Expenditure to end of 1964	Balance
	$	$	$
(*a*) Tawau Hospital	3,214,000	1,118,000	2,096,000
(*b*) Mental Hospital	2,800,000	60,000	2,740,000
(*c*) Extension of Outpatients' Department and conversion Queen Elizabeth Hospital, Jesselton ...	1,300,000	434,000	866,000
(*d*) Rural dispensaries	350,000	283,000	67,000
(*e*) Rural Health Nurses' Training School	415,000	261,000	144,000
(*f*) Health Centre, Tawau	70,000	10,000	60,000
TOTAL CONTINUATION SCHEMES ...			5,973,000

415. Summary of costs is therefore as follows:

	$
Major Hospitals	10,012,000
Cottage Hospitals	4,216,000
Area Health Units	2,100,000
District Health Centres	2,260,000
Dispensaries	2,045,000
Village Group Sub-Centres	870,000
Other Miscellaneous Projects	2,675,000
Continuation schemes	5,973,000
TOTAL — MEDICAL ...	30,151,000

(*c*) BROADCASTING AND INFORMATION

416. It is the aim, currently, and during the period of 1965-1970 to take such steps which are necessary to ensure that all parts of the State of Sabah can obtain clear reception of transmissions of Radio Malaysia, Sabah. Considerable importance is attached to this policy not only in the interests of the people themselves but as part of the task of nation building and development of a feeling of oneness amongst what are often widely scattered and diverse communities. It is not considered that television should be undertaken at this stage of the State's Development. The costs are considerable, and high priority belongs to the problem of sound transmission.

417. The aim is to develop VHF transmissions from Mount Kinabalu which can be picked up and disseminated locally by MF transmissions. The estimated costs of these works, including the provision of studios, are as follows:

	$
(*a*) Sabah VHF and MF scheme	5,558,000
(*b*) Jesselton Studio and office extension	778,500
(*c*) Sandakan Studio and offices	648,500
(*d*) Tawau Studio centre	340,490

418. The present transmitter station at Kepayan which is shared with the Posts and Telecommunications Department must be vacated at the end of 1964. Two medium and two short-wave transmitters of ten KW power each are necessary. Total estimated costs are $1,337,000.

419. The reception of Radio Malaysia transmissions emanating from Kuala Lumpur rebroadcast in Sabah are not in all circumstances good. There is insufficient room at Jesselton studio site to erect elaborate aerial arrays required and it is therefore necessary for a separate receiver station to be established. A site has already been selected and the total cost of the Jesselton receiver station is estimated at $337,000.

420. Costs may be summarised as follows:

	$
(*a*) Sabah VHF and MF scheme	5,558,000
(*b*) Jesselton Studio and office extensions	778,500
(*c*) Sandakan Studio and offices	648,500
(*d*) Tawau Studio centre	341,000
(*e*) Jesselton new transmitter station	1,337,000
(*f*) Jesselton Receiver station	337,000
	9,000,000

Section 5 — State Capital

421. This section only relates to those public buildings which will be under construction in Jesselton during the period 1965-1970 and which are unrelated to the main sections in the Development Plan.

422. The continuation works are: —

	Estimated Cost	Estimated Expenditure to 31.12.64	Balance
	$	$	$
(*a*) The Istana	1,900,000	1,700,000	200,000
(*b*) High Court and Magistrate's Court	1,350,000	350,000	1,000,000
(*c*) Houses for Ministers	750,000	250,000	500,000
TOTAL CONTINUATION WORKS ...			1,700,000

423. Proposals for the period 1965-1970 fall into the following categories: —

(*a*) Legislative Assembly Buildings;

(*b*) Offices;

(*c*) Cultural and recreational facilities.

424. *Legislative Assembly buildings*

(*a*) The existing facilities are of a purely temporary nature; the Assembly Chamber is the Conference Room in the Central Government Offices and there are virtually no facilities for the public or the press, and none whatever for Members of the Assembly.

(*b*) Land has already been acquired for the Assembly buildings. It is proposed that provision of $2.5 million be made, but that plans should be so drawn to enable additions and expansions to be carried out at a later date.

425. *Office Buildings*

(*a*) The Central Government Offices as at present exist do not provide sufficient accommodation for Ministers and their staff and for the Departments which have their Headquarters in the building.

(*b*) A number of Departments have sections, or are wholly accommodated, in rented accommodation in the town. Although this is a flexible arrangement and has saved heavy capital outlay, rented office space is increasingly difficult to obtain and rentals are such as amount to construction costs in a period of 7-10 years.

(c) It is proposed therefore to construct a major seven storey block in Jesselton adjacent to the Post Office which would accommodate—

Labour and Welfare Department
Education Department
Immigration Department
Statistics section
Extension of the Post Office.

The estimated area to be provided is 58,000 square feet gross at a cost of approximately $2,100,000. This has a high priority in order to remove old wooden buildings which conflict with town planning requirements. It will also afford some relief for the Central Government Offices.

426. A further block is also required to house the Public Works Department and the Agricultural Department, but within the financial limitations of the Plan, it is not possible to make other than token provision of $100,000 for the block the cost of which is estimated at $2,300,000. Reliance will have to be placed on rented accommodation. If however, additional funds become available during the period 1965-1970, it is considered that steps should be taken to build as the continued renting of office space is uneconomic.

Cultural and recreational facilities

427. The present temporary Library in Jesselton will have to be removed to make way for the widening of the main road into town. A sum of $1,100,000 is set aside for the new Library, and to make initial provision for a Museum and Sports Stadium.

428. A summary of the proposals is as follows:—

	$
Continuation Works	1,700,000
Legislative Assembly buildings	2,500,000
Office buildings	2,200,000
Cultural and Recreational facilities	1,100,000
TOTAL — STATE CAPITAL ...	7,500,000

SECTION 6 — BUILDING AND QUARTERS (GENERAL)

429. This section deals with common-user buildings which are not associated with any specific development project, and with pool quarters. It does not embrace Police buildings or barracks nor does it cover major buildings for Jesselton which are dealt with in the section — State Capital.

430. There will be a considerable carry-over of building works into the new development period, covering both common-user offices and quarters. This can be shown as follows:

(a) *Pre*-1964 *items*

	$	$
(i) Uncompleted expenditure on items approved prior to 1964 and included in 1964 Development Budget	3,835,121	
(ii) *Less* estimated expenditure in 1964 on these items during 1964	2,335,121	
Carry-over on pre-1964 items		1,500,000
(b) 1964 *items*		
(i) Amount inserted in 1964 Estimates ...	4,485,907	
(ii) *Less* revote from 1963	3,485,907	
Net figure	1,000,000	
(iii) Estimated expenditure for 1964 on 1964 items	1,800,000	800,000
(iv) Shortfall on provision for 1964 items to be carried over to 1965		700,000

(c) *Shortfall on new items*

	$	$
(i) Value of new works included in 1964 programme	3,433,800	
(ii) *Less* funds provided in 1964	1,000,000	
(iii) Shortfall to be made up		2,433,800
(iv) Total carry over into 1965-1970 period ...		3,133,800
(say) ...		3,100,000

431. It is not possible to prepare a precise programme of works likely to be required during the period 1965-1970, but on the basis of past experience, and bearing in mind that this section does not deal with Police buildings, nor with major buildings in the State Capital, nor with Local Authority buildings, it is proposed to allow a total of $14 million over the period for these buildings and quarters.

432. The total liability is therefore assessed as follows:—

	$
Continuation works	3,100,000
Programme for 1965-1970	14,000,000
TOTAL ...	17,100,000

SECTION 7 — PUBLIC WORKS DEPARTMENT WORKSHOPS, PLANT, QUARTERS, STAFF FOR DEVELOPMENT AND OTHER MISCELLANEOUS REQUIREMENTS

433. All provisions in the 1959-1964 Development Plan under this heading are regarded as closed at the end of 1964, and any provisions necessary and related to previous commitments will be regarded as charges on the provision made for the various works and services in the 1965-1970 Development Plan, i.e. no continuation works are taken into account.

434. Projects can be divided into the following categories:—

(a) Workshops, stores and offices
(b) Quarters
(c) Plant
(d) Staff for development
(e) Consultant's fees and expenses
(f) Surveys and investigations
(g) Electrical appliances
(h) Improvements to quarters
(i) Training

435. *Workshops, stores and offices*

(a) The present Central Workshops of the Public Works Department in Jesselton are already quite inadequate to cope with the vastly increased holdings of plant and equipment purchased during the 1959-1964 development period. Experience has shown that serious delays are being caused by the inadequacy of the facilities at the Central Workshops. It is proposed, therefore, to move the whole of the Central Workshops, including buildings where they can be dismantled, to a new site on the Tuaran Road between Likas and Inanam. This will involve the filling of approximately forty acres of land. The total estimated cost is $5,400,000.

(b) It is proposed to provide the sum of $1,900,000 for the extension of workshops in outstations.

(c) It is proposed to provide $500,000 for extension of Divisional Offices at Jesselton, Sandakan and Tawau.

(d) It is proposed to provide $700,000 for the accommodation of unallocated stores at Headquarters and $300,000 for the extension of storage space at outstations.

(e) The total cost of workshops, stores and offices will therefore be $8,800,000.

Quarters

436. It is necessary to provide simple housing for technical staff recruited from overseas and for staff who must live on the job. In some cases it is necessary to provide labour lines where the labour force has to be obtained from a considerable distance. The sum of $3.7 million is provided for such housing.

437. *Plant*

(*a*) Arrangements were made towards the end of the 1959-1964 Development period for the maintenance and depreciation of plant to be covered by plant-hire charges in respect of all works on which plant is employed. It should be noted that in conformity with Malayan practice and for accounting convenience all proposals in this Development Plan which involves the use of Government plant and equipment do not include provision for plant-hire charges.

(*b*) It is necessary to provide a plant replacement pool as the Plan is based on full utilisation of the existing plant holding. Unless a new machine can be sent to site when an existing machine requires either a major overhaul or is due for scrapping, there is an immediate loss of one machine on site and reduction of output. The proposed provision is $2.650 million.

(*c*) It is proposed to purchase one dredger required for the specific job of dredging the Trusan Duyong, which represents a vital line of communication for the supply of logs to Sandakan Harbour. The dredger will also be used for maintaining adequate depths alongside the main wharves of the State. The cost is estimated at $550,000.

(*d*) In order to facilitate the movement of plant and equipment around the coast of the State and eliminate the delays now encountered, it is proposed to provide a landing craft at a cost of $650,000.

(*e*) It is proposed to provide $650,000 for excavators and miscellaneous equipment for the construction of the drainage scheme for the development of the Klias Oil Palm Settlement Scheme. After the plant has finished in the Klias area it will be available for similar work elsewhere.

(*f*) It is proposed to allocate $500,000 for plant for the Training School.

(*g*) The total plant costs are therefore $5,000,000.

438. *Staff for development*

(*a*) It has been the practice in the 1959-1964 Development Plan to provide for staff for development under the Development Budget.

(*b*) It is proposed to continue this practice and make provision of $8 million over the six-year period.

Consultants' Fees and expenses

439. On the assumption that the works to the value of $50 million will need to be carried out under the supervision of consulting engineers or architects, a sum of $5 million for the payment of fees is included. This is in addition to sums included under specific projects elsewhere for consultants' fees.

Surveys and investigations

440. A sum of $1,600,000 is provided for miscellaneous survey works by Headquarter's branches of the Public Works Department where specific votes do not exist, or for advance planning.

Electrical appliances

441. A sum of $400,000 is provided for the purchase of electrical appliances required to bring quarters and offices up to approved standards, or to provide electrical applicances in quarters and offices where electricity has recently been installed.

Improvement to quarters

442. A sum of $500,000 is provided as part of a continuing programme of bringing older quarters throughout the State (and particularly those in remote areas) up to standard.

Training

443. The sum of $300,000 is provided for training within the Department for new buildings site, equipment, etc. The plant-hire costs amount to approximately $700,000.

444. The summary of the costs is as follows:—

	$
(*a*) Workshops, stores and offices	8,800,000
(*b*) Quarters	3,700,000
(*c*) Plant	5,000,000
(*d*) Staff for development	8,000,000
(*e*) Consultants' fees and expenses	5,000,000
(*f*) Surveys and investigations	1,600,000
(*g*) Electrical appliances	400,000
(*h*) Improvements to quarters	500,000
(*i*) Training	300,000
(*j*) Plant Hire	700,000
TOTAL ...	34,000,000

SECTION 8 — CREDIT

445. Provision has been made under other sections of this Chapter for Government credit for various purposes, particularly agricultural credit.

446. Provision is also made under section 9 for investment in Borneo Housing Development Limited for the development of housing in the State. It is however necessary in this section to make provision for the advance of funds by the State Government, in particular to Local Authorities, for various purposes. In the past it has been the practice for Government to finance directly itself projects which are properly the responsibilty of Local Authorities. The intention is that the State Government should make loans to Local Authorities on terms varying with the nature of the work proposed and the extent to which it is revenue earning. It is also likely that Government will have to lend money to the Pauper Fund for the construction of pauper institutes.

447. It is proposed to set aside the sum of $2,000,000 for these purposes.

448. In addition, it is proposed to set aside the sum of $2,000,000 for investment in Borneo Development Corporation Limited in order to support its activities as a developer of industrial and commercial estates.

SECTION 9 — HOUSING

449. It is only in recent years that private housing has developed on any scale other than the construction of conventional shophouses. As living standards rise, and with the spread of education, there is likely to be a growing demand for middle-class houses on the periphery of the main towns. Low-cost housing schemes will be initiated.

450. It is likely that Borneo Housing Development Limited and Borneo Development Corporation Limited will be used as Government's chosen instruments for the development of housing in the State, and $4,000,000 are set aside for further investment in these two organisations.

SECTION 10 — RURAL DEVELOPMENT — MISCELLANEOUS WORKS

451. It is emphasised that the various provisions made in the previous sections include expenditure on all aspects of rural development.

452. However, it is most necessary that some specific provision should be made in this Plan for rural development works which do not fall easily within the various planned provisions. Situations will arise wherein Local Authorities, or local interests, take the initiative in furthering development in their own rural areas, an initiative which Government will welcome and should be in a position to support, and wherein assistance needs to be given for minor projects which do not fall within provisions made elsewhere. It is proposed to allocate the sum of $4,000,000 for miscellaneous rural development works.

453. SECTION 11 — SUMMARY OF PROPOSED PUBLIC INVESTMENT FOR THE YEARS 1965-1970

	$	$
Section 1 — Communications		
(*a*) Roads	74,930,000	
(*b*) Posts and Telecommunications ...	25,500,000	
(*c*) Civil Aviation	11,276,840	
(*d*) Ports and Harbours, and Navigational Aids	8,290,000	
(*e*) Sabah State Railways	2,200,000	122,196,840
Section 2 — Public Utilities		
(*a*) Water Supplies	42,500,000	
(*b*) Sewerage	5,000,000	
(*c*) Electricity	25,650,000	73,150,000
Section 3 — Other Economic Services		
(*a*) Agriculture	74,514,000	
(*b*) Forests	1,790,000	
(*c*) Lands and Surveys	10,718,000	
(*d*) Urban Drainage and Flood Prevention	5,200,000	
(*e*) Labuk Valley Natural Resources Surveys	1,496,500	93,718,500
Section 4 — Social Services		
(*a*) Education	37,500,000	
(*b*) Medical	30,151,000	
(*c*) Broadcasting and Information ...	9,000,000	76,651,000
Section 5 — State Capital		7,500,000
Section 6 — Buildings — General		17,100,000
Section 7 — Public Works Department Workshops, Offices, and quarters, and staff for Development		34,000,000
Section 8 — Credit		4,000,000
Section 9 — Housing		4,000,000
Section 10 — Rural Development — Miscellaneous Works ...		4,000,000
TOTAL ...		436,316,340

CHAPTER V

FINANCING PUBLIC EXPENDITURE

454. Chapter 4 of this Plan provides for an outlay of some $436 million as investment in the public sector during the period 1965-1970. Of this total outlay $109,000,000 relate to Federal services and $327,000,000 to State services. Although seventy-five per cent of the whole relates to State services, the State itself will not be able to finance more than a relatively small part of it.

455. 1964 was the first year in which the financial arrangements between the Federal Government and the State Government were operative. There is little experience therefore to go on in order to make projections of the fiscal position of the State over the six-year period of the Plan. The 1964 State Budget assumes that ordinary revenue will amount to $61.588 million, but it should be noted that:

(*a*) those revenues which are reserved wholly to the State are inelastic and do not carry with them great potentiality for growth;

(*b*) those revenues which do not carry with them a growth potentiality are prescribed by the Federal Government and are directly State revenue (vid Petroleum import duty) or are assigned to the State (viz thirty per cent of the net Customs duties);

(*c*) there is a third major source of revenue assigned to the State and associated with growth and that is the forty per cent share of growth of Federal revenue against the 1963 base; again, in this instance it is not easy to forecast what this share will amount to in dollars when the bases of Federal taxation are not known.

456. For the purposes of this Development Plan it is assumed that the State will vote $10 million each year during the period 1965-1970 to the Development Fund. It is emphasised that with the substantial increase in development investment envisaged in this Plan, the resultant increases in recurrent costs of maintaining growing State services together with additional recurrent liabilities flowing from development investments by the State Government, it will not be possible to maintain the assumed annual $10 million vote for the Development Fund unless additional taxation is imposed. Indeed, in view of the substantial benefits anticipated for the State from this expanded level of public investment and the heavy financial burden facing the Federal Government during the Plan period, it will be essential for the Sabah State Government to make every effort to assist even further in the financing of this Plan than is proposed on the financing table, by imposing additional taxation in those areas reserved for the State Government under the Constitution. Even then, the ability of the State to maintain this annual contribution must depend on the buoyancy of the markets to which its produce is exported, on success in some measure in alleviating the labour problem, and on continuing prosperity unaffected by external threat or internal insecurity.

457. The next source of revenue available to the State is that arising from the sale of State land. This cannot be estimated with precision as much depends on the buoyancy of the economy. Land in settlement schemes is premium free and particular emphasis is placed in the Plan on development of settlement schemes. It is estimated that the average annual figure will be $800,000 or $4,800,000 over the six-year period.

458. Timber royalty is credited to the ordinary budget. The basic principle of the Land Alienation Policy is that where commercial timber is removed from *agricultural* land, the profits on the timber should be canalised into the Development Fund. It is estimated that $2,625,000 will accrue annually from this source providing a total of $15,750,000 over the six-year period.

459. Other miscellaneous accruals such as the repayment of loans might produce a further $3,000,000 over the period.

460. In 1964 $15 million will have been contributed to the Development Fund. On the assumption that $40 million will be spent on Development (on State account) during 1964, the balance in the State Development Fund at the end of 1964 might be of the order of $14,000,000.

461. The resources therefore which the State has in view for the period 1965-1970 are summarised in the following table:

TABLE 5-5

	$
Annual contribution to the Development Fund	60,000,000
Land Premia	4,800,000
Timber extraction charges	15,750,000
Miscellaneous	3,000,000
Balance in the Development Fund	14,000,000
	97,550,000

462. Certain aspects of the planned public investment are to a greater or lesser degree self financing in the sense that no specific provision is required through budgetary action on the part of the State Government.

(*a*) *Electricity*. As shown in Chapter 4, paragraph 288 the Sabah Electricity Board envisages that the financing of its normal development to the extent of $14,650,000 from its own surpluses after paying interest on capital, dividends and providing for depreciation.

(*b*) *Rubber Fund Board*. As shown in paragraph 304 of section 3 (*a*) of Chapter 4, the total cost of planting and replanting outlays will be $9,540,000 but of this $4,690,000 can be found from the net proceeds of the cess.

(*c*) *Sewerage*. The provision of sewerage services is done entirely by the State Government and the true costs cannot be disentangled from the Government accounts. Nevertheless Local Authorities pay a sewerage rental and the capital element of this is credited to the Development Fund; this is estimated as $46,000 in 1964. Over the six-year period it might be considered that $360,000 will be contributed to the Development Fund.

(*d*) *Water*. The water supplies of the State are still operated and accounted for by Government and separate definitive accounts are not maintained. Nevertheless in Appendix B statements for the year 1963 are shown. All revenue is credited to the ordinary budget and the Development Fund is not credited with an element of payment for capital costs. It is therefore ignored for the purposes of establishing additional resources available for development.

(*e*) In furtherance of its policies, the State Government has invested in the Credit Corporation, Borneo Housing Development Corporation and Borneo Development Corporation Limited, and Chapter 4 contains proposals for additional investment during the period 1965-1970. The extent of investment in the public sector will be very much larger than the size of the State Government's investment suggests as, in some measure, the three bodies are self financing and their revenues can be re-deployed for further investment. The extent of the gross investment by the three bodies cannot be assessed with any reliability and therefore self financing is ignored for the purposes of this exercise.

463. The sources of self-financing can therefore be summarised in the following table:

TABLE 5-6

	$
Electricity	14,650,000
Rubber Fund Board	4,690,000
Sewerage	360,000
	19,700,000

464. The foregoing has related to sources of finance available directly of indirectly to the State. Reference must also be made to sources of finance, not immediately available to the State Government and to State public bodies, but which have been set aside for development in both Sarawak and Sabah. These sources are grants from the British Government and loans from the Government of Singapore.

(*a*) ***The British Government Grant.*** This grant, totalling £10,000,000 or $85,714,286, is for five years from Malaysia Day. There is no formula for its apportionment between Sarawak and Sabah but it is assumed, notionally, that $34,300,000 might be available to Sabah. A first charge on this would be the unexpended Colonial Development and Welfare monies on uncompleted schemes on Malaysia Day. It is thought that $10 million will have been spent on C.D. and W. schemes (C.D. and W. element) between Malaysia Day and the end of 1964 leaving $24 million available.

(*b*) ***The Singapore Loan.*** The loan of $150,000,000 to the Federal Government for development in Sarawak and Sabah does not contain any formula for the apportionment between the two States. It is assumed notionally that $60,000,000 might be available to Sabah.

465. These two sources of finance can therefore be summarised:

TABLE 5-7

	$
British Grant	24,000,000
Singapore Loan	60,000,000
	84,000,000

466. In addition to the sources of finance available directly and indirectly to the State, including the sources in Table 5-7, there might be other sources available to the Federal Government for assistance for development in Sabah. These sources fall into the categories of external technical/capital assistance, and foreign loans. An attempt has been made in Appendix D to indicate what projects or groups of projects might be financed from outside Malaysia.

467. Appendix D shows possible sources of finance for projects in the Development Plan either for particular items or for groups of items. Table 5-8 gives these sources in summarised form:

TABLE 5-8

	$
Federal	83,826,840
Federal Grant	119,755,000
Federal Loan	2,200,000
State	95,970,526
Singapore Loan	59,987,000
British Grant	25,028,974
External Assistance	22,108,000
Foreign Loans	9,000,000
Self Financing	19,340,000
	436,316,340

468. The Government of the Colony of North Borneo and the Government of the State of Sabah have borrowed money from time to time under the authority of local legislation. At the end of 1963, the total public debt amounted to $47,280,010. Of this $17,207,343 fall to be repaid during the period 1965-1970. Details are in the following table.

TABLE 5-9

	$
4% Inter-Colonial Loan — 1964/1969	6,532,543
North Borneo Development Loan 1959, 5½% — 1965-1967 ...	6,768,400
Sabah Government Development Loan 1963, 5¼% — 1968-1970 ...	3,906,410
	17,207,343

APPENDIX A

1 *Head*	2 *Council Paper No. 31 of 1959*	3 *Council Paper No. 63 of 1963.*
	$	$
(a) Communications		
(i) Roads	20,800,000	41,650,828
(ii) Posts & Telegraphs	840,000	5,002,500
(iii) Civil Aviation	1,395,000	6,639,350
(iv) Harbours and Marine	6,995,000	8,454,048
(v) Railways	1,000,000	1,000,000
(b) Public Utilities		
(i) Water supplies	2,000,000	6,715,000
(ii) Sewerage	1,500,000	500,000
(c) Other Economic Services		
(i) Agriculture	1,251,000	7,958,546
(ii) Credit	2,000,000	6,878,460
(iii) Land	250,000	4,649,000
(iv) Drainage and Irrigation	2,000,000	2,057,000
(v) Labuk Valley Surveys	—	1,760,000
(d) Social Services		
(i) Education	6,035,000	18,221,619
(ii) Medical	2,234,000	7,069,000
(iii) Broadcasting and Information	1,000,000	1,367,968
(iv) Training	—	592,000
(e) Buildings	11,700,000	24,408,385
(f) Miscellaneous		8,182,648
(g) Contingencies	10,000,000	—
(h) P.W.D. Workshops, Offices, etc.	—	2,331,800
(i) Miscellaneous Unallocated	—	572,050
	71,000,000	156,010,202

APPENDIX "B"

STATEMENT I

DETAILS OF SUPPLIES

	No. of Registered Consumers	Average Daily Supply Gallons	Approximate Capital Value 31.12.62.	Source of Supply	Treatment
Jesselton	2,631	1,230,000	2,920,000	Moyog River	Fully treated
Tuaran	292	100,000	210,000	Tuaran River	Fully treated
Kota Belud	166	110,000	150,000	Shallow wells	Chlorinated only
Kudat	111	40,000	420,000	Shallow wells	Chlorinated only
Sandakan	1,502	710,000	2,290,000	Boreholes & Batu Lima River	Fully treated
Lahad Datu	265	80,000	110,000	River Tabanac	Chlorinated only
Semporna	189	40,000	190,000	Shallow wells	Chlorinated only
Tawau	1,214	450,000	1,130,000	Tawau River	Fully treated
Kepingau	240	60,000	150,000	Stream Intake	Chlorinated only
Tenom	269	80,000	90,000	Stream Intake	Chlorinated only
Beaufort	213	90,000	170,000	Stream Intake	Chlorinated only
Labuan	661	310,000	1,000,000	Boreholes	Settled and Chlorinated
Papar	185	40,000	460,000	Papar River	Fully treated
	7,938	3,340,000	9,290,000		

STATEMENT II

OPERATING STATEMENT — 1963

Expenditure				*Revenue*		
* 1962		1963	* 1962			1963
$		$	$			$
177,000	Personal Emoluments	300,000	1,389,000	Water Rates and Charges		1,632,000
885,000	Other Charges	1,062,000	—	Sundry Receipts		9,000
—	Special Expenditure	—	1,389,000			1,641,000
1,162,000	Total Expenditure	1,362,000	—	Operating Loss		—
227,000	Operating Profit (carried down)	279,000				
1,389,000		1,641,000	1,389,000			1,641,000

CAPITAL ACCOUNT

Financial Charges						
—	Operating Loss (brought down) ...	—	227,000	Operating Profit (brought down)		279,000
560,000	Interest on Capital Value (7%) ...	650,000	333,000	Deficit on Year		371,000
560,000		650,000	560,000			650,000

*Reconciled since 1962 Report.

STATEMENT III

1963 Working Results by Stations — (a) Unit Costs

	Water Supplied M. G.	Expenditure					Financial Charges		Total Expenditure	Total Cost of production $ per 1,000 g.
		Direct $	Salaries $	Overheads $	Total $	$ per 1,000 g.	Total $	$ per 1,000 g.		
Jesselton ...	447	373,000	75,000	13,000	461,000	1.03	205,000	0.46	666,000	1.49
Tuaran ...	35	33,000	20,000	6,000	59,000	1.68	15,000	0.43	74,000	2.11
Kota Belud ...	43	38,000	10,000	3,000	51,000	1.19	10,000	0.23	61,000	1.42
Kudat ...	14	24,000	5,000	6,000	35,000	2.50	30,000	2.13	65,000	4.63
Sandakan ...	260	189,000	60,000	34,000	283,000	1.09	160,000	0.61	443,000	1.70
Lahad Datu ...	31	21,000	10,000	3,000	34,000	1.09	8,000	0.26	42,000	1.35
Semporna ...	15	17,000	5,000	4,000	26,000	1.73	13,000	0.97	39,000	2.60
Tawau ...	163	91,000	40,000	19,000	150,000	0.92	79,000	0.49	229,000	1.41
Keningau ...	26	13,000	10,000	5,000	28,000	1.08	10,000	0.38	38,000	1.46
Tenom ...	31	14,000	10,000	4,000	28,000	0.91	6,000	0.19	34,000	1.10
Beaufort ...	31	15,000	10,000	3,000	28,000	0.90	12,000	0.39	40,000	1.29
Labuan ...	113	86,000	40,000	22,000	148,000	1.31	70,000	0.62	218,000	1.93
Papar ...	6	24,000	5,000	2,000	31,000	5.17	32,000	5.33	63,000	10.50
	1,215	938,000	300,000	124,000	1,362,000	av. 1.12	650,000	av. 0.53	2,012,000	av. 1.65

STATEMENT IV

WORKING RESULTS BY STATIONS — (*b*) UNACCOUNTED FOR WATER

	Total Water output (1,000 gals.)	*Total amount to registered consumers (1,000 gals.)*	*Loss (Unaccounted for water) (1,000 gals.)*	*% Loss*
Jesselton ...	447,000	350,000	97,000	22
Tuaran ...	35,000	29,000	6,000	17
Kota Belud ...	43,000	15,000	28,000	65
Kudat ...	14,000	13,000	1,000	7
Sandakan ...	260,000	197,000	63,000	24
Lahad Datu ...	31,000	21,000	10,000	32
Semporna ...	15,000	11,000	4,000	27
Tawau ...	163,000	123,000	40,000	25
Keningau ...	26,000	16,000	10,000	38
Tenom ...	31,000	25,000	6,000	19
Beaufort ...	31,000	16,000	15,000	48
Labuan .	113,000	73,000	40,000	25
Papar ...	6,000	2,000	4,000	66
	1,215,000	891,000	324,000	av. 27%

STATEMENT V

ANNUAL BALANCE 1960 — 1963

Year	*Expenditure* $	*Revenue* $	*Operating Loss* $	*Financial Charges* $	*Deficit Balance* $
1960 ...	1,211,880	880,000	331,880	440,300	772,180
1961 ...	1,172,701	1,166,307	6,394	460,950	467,344
			Operating Profit		
* 1962 ...	1,162,000	1,389,000	227,000	560,000	333,000
1963 ...	1,362,000	1,641,000	279,000	650,000	371,000

*Reconciled since 1962 Report.

STATEMENT VI

WATER ACCOUNTS — 1963 — (a) REVENUE

Station	1963 General $	Shipping $	Consumption $	Installation $	Other $	Total Others $	1962 $	1961 $	Total $
Jesselton ...	682,488.50	17,114.28	699,602.78	12,855.00	4,600.91	17,455.91	777.00 CR	1,001.30	717,282.99
Sandakan ...	383,704.94	11,179.11	394,884.05	3,295.00	881.00	4,176.00	332.00 CR	23,968.34	423,666.39
Tawau ...	232,796.10	13,261.30	246,057.40	6,410.00	1,064.85	7,474.85	30.00	183.15	253,745.40
Keningau ...	16,386.99	—	16,386.99	1,620.00 CR.	6.00	1,614.00	50.00	—	18,050.99
Tuaran ...	57,327.82	—	57,327.82	462.00	119.00	581.00	45.00	60.01	58,013.83
Kota Belud ...	15,052.30	—	15,052.30	605.00	66.00	671.00	125.00	—	15,848.30
Lahad Datu ...	20,528.00	183.00	20,711.00	1,760.00	47.00	1,807.00	—	—	22,518.00
Tenom ...	25,065.50	—	25,065.50	1,537.00	462.00	1,999.00	10.00	—	27,074.50
Beaufort ...	16,419.25	—	16,419.25	420.00	272.91	692.91	5.00	—	17,117.16
Labuan ...	70,780.92	2,477.60	73,258.52	2,310.00	450.52	2,760.52	10.00	—	76,029.04
Semporna ...	10,726.00	—	10,726.00	1,380.00	486.90	1,866.90	5.00	—	12,597.90
Kudat ...	12,342.45	430.87	12,773.32	2,250.00	1.00	2,251.00	5.00	—	15,029.32
Papar ...	4,153.95	—	4,153.95	4,560.00	523.00	5,083.00	—	—	9,236.95
	1,547,772.72	44,646.16	1,592,418.88	39,464.00	8,969.09	48,433.09	824.00 CR	25,212.80	*1,666,210.77

*Total Revenue	$1,666,210
Less Inappropriate items	24,738
Nett Total C/F to Appendix II	$1,641,472

SABAH ELECTRICITY BOARD
BALANCE SHEET — 31ST DECEMBER, 1963

31.12.1962			31.12.1963	31.12.1962
	Issued Capital—			
$2,570,000	Ordinary Stock (Note I) ...		$6,000,000	
	Loan Capital—			$1,642,573
	6% Debentures issued to Government of			
2,000,000	Sabah (secured by a charge on all the			9,700,176
	Board's undertakings and property)		—	
				11,342,749
	Capital Reserves—			
149,280	Reserve for payment of Debentures and Loans ...	$193,000		2,493,578
	Reserve for increased cost of replacement of Capital			
				8,849,171
5,400	Assets	183,000	376,000	376,159
	Revenue Reserves—			
	General Reserve:			8,473,012
372,708	Net Surplus in Revenue Account for the year ended 31st December, 1963	$79,622		353,655
66,000	Taxation Equalisation Reserve	—	79,622	
$5,163,388			$6,455,622	
	Current Liabilities and Provisions			
$1,927,607	Bank Overdraft (Note II)	$2,261,532		
1,900,000	Short term Loans—Government Public	902,820		
820,640	(Note III) ...	1,117,500		
1,505	Consumers' Deposits ...	2,039		
363,763	Trade and Other Creditors	346,344		
	Provision for Passages, Pensions and Gratuities of staff:			$1,148,499
	Passages $ 24,000			
	Pensions 133,261			
	Gratuities 183,067	340,328		
128,500	Interest on Ordinary Stock 1962 (since paid) ...	128,500		28,908
—	Interest on Ordinary Stock 1963	300,000		
5,431,952			5,399,063	

31.12.1963			
	Fixed Assets, at cost to Board less disposals—		
	Acquired from Government of Sabah — 1st January, 1957		$1,642,573
	Subsequent additions		11,206,474
			12,849,047
3,063,161	*Less* Aggregate Provision for depreciation		
9,785,886			
514,634	*Less* Capital Contribution from Consumers		
9,271,252			
	Capital Works in progress at cost to date	$336,775	
320,183	*Less* Consumers' Contribution	16,592	
	NOTE: Completion of capital works in progress at 31st December 1963, will entail further expenditure of approximately $1,365,465 (1962 — $248,992).		
33,208	*Hydrological Survey Expenses*		
	Current Assets—		
	Stock of Stores Fuel, etc., at cost as certified by the General Manager ...	$1,408,555	
	Tools and Tackle at cost less amounts written off ...	32,215	$1,440,770

SABAH ELECTRICITY BOARD

BALANCE SHEET—31st DECEMBER, 1963

	NOTES: I.						
	An issue of $3,430,000 Ordinary Stock was made to the Government of Sabah financed as follows:—			371,765	Debtors—		
				12,903	Consumers ...	$473,856	
	6% Debentures converted to Ordinary Stock ...	$2,000,000		45,076	Miscellaneous	43,018	
	Government of Sabah short term loan converted to Ordinary Stock	1,000,000		4,007	Vehicle Loans to staff ...	62,039	
	General Reserve capitalised as above ...	430,000		49,097	Building Loans to staff ...	8,693	587,606
				1,016	Appliances on Hire purchase to consumers ...		83,781
		$3,430,000	$11,854,685	—	Payments in advance ...		1,920
				107,402	Cash and Funds on call—		
	NOTES: II.				Deposited with Crown Agents		21,416
$10,595,340	Secured by a guarantee from the Government of Sabah up to maximum of $2,000,000.			1,768,673	In hand, with Banks and Government Treasuries ...		94,549
	NOTES: III.						2,230,042
	Secured by guarantees from the Government of Sabah.			$10,595,340			$11,854,685

SABAH ELECTRICITY BOARD

NET REVENUE ACCOUNT FOR THE YEAR ENDED 31st DECEMBER, 1963

1962			1962			
$128,500	Interest of 5% on Ordinary Stock	$300,000	$393,849	Surplus for the year from Revenue Account		$592,234
—	Transfer to Reserve for Repayment of Debentures and Loans under Section 23(1) (*e*) of the Electricity Board Ordinance ...	43,720	107,359	Transfer from General Reserve: Balance as at 31st December, 1962	372,708	
—	Transfer to Capital Reserve for increased cost of replacement of capital assets	177,600		Add Balance of Taxation Equalisation Reserve ...	66,000	
372,708	Balance being General Reserve as at 31st December, 1963	79,622			$438,708	
				Less Reserves capitalised for the purpose of Stock Bonus issue ...	430,000	8,708
$501,208		$600,942	$501,208			$600,942

APPENDIX D

SOURCES OF FINANCE

	Federal	Federal Grant	Federal Loan	State	Singapore Loan	British	Total Malaysia Funds	External Assistance	Foreign Loans	Self-Financed	Grand Total
	1	2	3	4	5	6	7	8	9	10	11
ROADS — CONTINUATION WORKS											
West Coast/Ranau	—	—	—	1,327,662	—	3,983,084	5,310,746	—	—	—	5,310,746
Town Roads & Drainage	—	—	—	51,424	—	154,273	205,697	—	—	—	205,697
Road Improvement Works	—	—	—	45,810	—	137,429	183,239	—	—	—	183,239
Jesselton/Papar Road	—	—	—	5,929	—	17,788	23,717	—	—	—	23,717
Access & Drainage Works	—	—	—	146,605	—	—	146,605	—	—	—	146,605
Acquisition of Land	—	—	—	120,877	—	—	120,877	—	—	—	120,877
Feeder Roads	—	—	—	364,121	—	—	364,121	—	—	—	364,121
Semporna Island Roads	—	—	—	74,998	—	—	74,998	—	—	—	74,998
Plant Hire	—	—	—	2,250,000	—	—	2,250,000	—	—	—	2,250,000
ROADS — NEW WORKS											
Communication Roads	—	6,900,000	—	—	—	—	6,900,000	—	—	—	6,900,000
Road Improvements	—	—	—	—	—	14,850,000	14,850,000	—	—	—	14,850,000
Feeder Roads etc.	—	21,000,000	—	—	—	—	21,000,000	—	—	—	21,000,000
Main Towns and Approaches	—	21,500,000	—	—	—	—	21,500,000	—	—	—	21,500,000
Surveys & Consultants	—	—	—	2,000,000	—	—	2,000,000	—	—	—	2,000,000
Total — Roads	—	49,400,000	—	6,387,426	—	19,142,574	74,930,000	—	—	—	74,930,000
POSTS & TELECOMMUNICATIONS											
Continuation Schemes	1,914,000	—	—	—	—	—	1,914,000	—	—	—	1,914,000
Remainder	23,586,000	—	—	—	—	—	23,586,000	—	—	—	23,586,000
Total — Posts and Telecommunications	25,500,000	—	—	—	—	—	25,500,000	—	—	—	25,500,000
CIVIL AVIATION											
Continuation Schemes	970,300	—	—	—	—	—	970,300	—	—	—	970,300
Remainder	10,306,540	—	—	—	—	—	10,306,540	—	—	—	10,306,540
	11,276,840	—	—	—	—	—	11,276,840	—	—	—	11,276,840
PORTS AND HARBOURS											
Continuation Works	—	—	—	3,805,000	—	—	3,805,000	—	—	—	3,805,000
Sandakan Port Area Investigations	—	—	—	—	—	—	—	1,000,000	—	—	1,000,000
Sandakan Godown	850,000	—	—	—	—	—	850,000	—	—	—	850,000
Jesselton	—	—	—	40,000	600,000	—	640,000	—	—	—	640,000
Minor Wharves	—	—	—	350,000	—	—	350,000	—	—	—	350,000
Sandakan Slipway	600,000	—	—	—	—	—	600,000	—	—	—	600,000
State Launches	—	—	—	470,000	—	—	470,000	—	—	—	470,000
Quarters	—	—	—	345,000	—	—	345,000	—	—	—	345,000
Plant Hire	—	—	—	230,000	—	—	230,000	—	—	—	230,000
Total — Ports & Harbours	1,450,000	—	—	5,240,000	600,000	—	7,290,000	1,000,000	—	—	8,290,000

APPENDIX D — (*cont.*)

SOURCES OF FINANCE

	Federal	Federal Grant	Federal Loan	State	Singapore Loan	British	Total Malaysia Funds	External Assistance	Foreign Loans	Self-Financed	Grand Total
	1	2	3	4	5	6	7	8	9	10	11
RAILWAYS ...	—	—	2,200,000	—	—	—	2,200,000	—	—	—	2,200,000
WATER SUPPLIES											
Continuation Schemes ...	—	—	—	338,000	—	—	338,000	—	—	—	338,000
Sandakan New Supply ...	—	—	—	—	14,600,000	—	14,600,000	15,000,000	—	—	29,600,000
Remainder	—	—	—	—	12,562,000	—	12,562,000	—	—	—	12,562,000
Total — Water Supplies ...	—	—	—	338,000	27,162,000	—	27,500,000	15,000,000	—	—	42,500,000
SEWERAGE ...	—	5,000,000	—	—	—	—	5,000,000	—	—	—	5,000,000
ELECTRICITY											
Rural	—	—	—	2,000,000	—	—	2,000,000	—	—	—	2,000,000
Normal Development ...	—	—	—	—	—	—	—	—	—	14,650,000	14,650,000
Hydro-electric ...	—	—	—	—	—	—	—	—	9,000,000	—	9,000,000
Total — Electricity ...	—	—	—	2,000,000	—	—	2,000,000	—	9,000,000	14,650,000	25,650,000
AGRICULTURE											
Continuation	—	—	—	1,362,000	—	—	1,362,000	—	—	—	1,362,000
Direct Assistance to Settlers	—	—	—	30,120,000	—	—	30,120,000	—	—	—	30,120,000
Credit	—	—	—	—	5,000,000	—	5,000,000	—	—	—	5,000,000
Research, Extension and Training and equipment	—	—	—	2,750,000	—	—	2,750,000	—	—	—	2,750,000
Animal disease Research Centre	—	—	—	—	—	—	—	275,000	—	—	275,000
Irrigation and Drainage ...	—	8,800,000	—	—	—	—	8,800,000	—	—	—	8,800,000
Crops	—	—	—	18,500,000	—	—	18,500,000	—	—	4,690,000	23,190,000
Vehicles and tractors ...	—	—	—	—	—	—	—	190,000	—	—	190,000
Animal Husbandry ...	—	—	—	1,400,000	—	—	1,400,000	—	—	—	1,400,000
Fisheries Training Centre	—	—	—	—	—	—	—	575,000	—	—	575,000
Fisheries	—	—	—	852,000	—	—	852,000	—	—	—	852,000
Total — Agriculture ...	—	8,800,000	—	54,984,000	5,000,000	—	68,784,000	1,040,000	—	4,690,000	74,514,000

APPENDIX D — (*cont.*)

SOURCES OF FINANCE

	Federal	*Federal Grant*	*Federal Loan*	*State*	*Singapore Loan*	*British*	*Total Malaysia Funds*	*External Assistance*	*Foreign Loans*	*Self-Financed*	*Grand Total*
	1	2	3	4	5	6	7	8	9	10	11
FORESTS											
Forest Inventory ...	—	—	—	—	—	—	—	900,000	—	—	900,000
Remainder	—	—	—	890,000	—	—	890,000	—	—	—	890,000
Total — Forests ...	—	—	—	890,000	—	—	890,000	900,000	—	—	1,790,000
LANDS AND SURVEYS											
Acquisition of Land ...	—	—	—	—	8,525,000	—	8,525,000	—	—	—	8,525,000
Remainder	—	—	—	2,193,000	—	—	2,193,000	—	—	—	2,193,000
Total — Lands & Surveys	—	—	—	2,193,000	8,525,000	—	10,718,000	—	—	—	10,718,000
Drainage and Irrigation ...	—	—	—	—	5,200,000	—	5,200,000	—	—	—	5,200,000
LABUK VALLEY ...	—	—	—	328,500	—	—	328,500	1,168,000	—	—	1,496,500
EDUCATION											
Technical Institutes ...	—	—	—	—	—	—	—	3,000,000	—	—	3,000,000
Remainder	34,500,000	—	—	—	—	—	34,500,000	—	—	—	34,500,000
Total Education ...	34,500,000	—	—	—	—	—	34,500,000	3,000,000	—	—	37,500,000
MEDICAL											
Tawau Hospital ...	—	—	—	209,600	—	1,886,400	2,096,000	—	—	—	2,096,000
Remainder	—	28,055,000	—	—	—	—	28,055,000	—	—	—	28,055,000
Total — Medical ...	—	28,055,000	—	209,600	—	1,886,400	30,151,000	—	—	—	30,151,000
BROADCASTING ...	9,000,000	—	—	—	—	—	9,000,000	—	—	—	9,000,000
State Capital	2,000,000	—	—	5,400,000	—	—	7,500,000	—	—	—	7,500,000
Buildings and Quarters ...	—	—	—	17,100,000	—	—	17,100,000	—	—	—	17,100,000
P.W.D.	—	28,500,000	—	—	5,500,000	—	34,000,000	—	—	—	34,000,000
Credit	—	—	—	—	4,000,000	—	4,000,000	—	—	—	4,000,000
Housing	—	—	—	—	4,000,000	—	4,000,000	—	—	—	4,000,000
Rural Development ...	—	—	—	—	—	4,000,000	4,000,000	—	—	—	4,000,000
	83,826,840	119,755,000	2,200,000	95,070,526	59,987,000	25,028,974	385,868,340	22,108,000	9,000,000	19,340,000	436,316,340

Scale 1:1,425,000

Miles 10 0 10 20 30 40 50 Miles

Boundaries, International
" Inter-State
" Residency
Railways
Roads
Tracks
Airfields, Airstrips

Heights in feet

Btg.	Batang	Main River
BT.	Bukit	Hill
G.	Gunong	Mountain
K.	Kuala	Mouth of River
M.	Muara	" " "
P.	Pulau	Island
S.	Sungai	River
Tg.	Tanjong	Cape
Ulu		Headwaters

Administrative Headquarters are underlined in Red

115° 1 116° 2 117° 3 118°

SOUTH CHINA SEA

BALABAC I.
Cape Melville
LUMBUCAN CHANNEL
BALABAC STRAIT
P. BALAMBANGAN
P. Tiga
PULAU BANGGI
P. Latoan
Pulang Bilangan
P. Bankawan
P. Panukaran
P. Balak
Limbuak
P. Malleangan Besar
P. Malawali
Straggler I.
Keretang
Iraruntang
Tiga Tarak
Sibi I.
P. Mandidarah
P. Tigabu
BENGKOKA PENINSULA
Kuciat
Telaga
Lokapas
P. Musa
P. Brusen
Senaja
Pitas
Masin
Kusilad
Kanibongan
PULAU JAMBONGAN
Jambongan
Matunggong
Sibayan
P. Mantanani
Taburan
Sorang
Tandik
Talantang
P. Usukan
Pantai
Tenghilan
COAST RESIDENCY
P. Mengelum
P. Sapangar
P. Gaya
Menggatal
JESSELTON
Putatan
Penampang
Kinarut
Papar
Kawang
P. Tiga
Kimanis
Bongawan
Tambunan
Tidong
Kuala Penyu
Binsulok
Tamu Kecil
Mantuk
Belanot
Kolagus
Melikas
PULAU LABUAN
Victoria
Membakut
P. Daat
P. Keraman
Beaufort
Agricultural Station
Lumadan
Bukau
Weston
KOTA
Sipitang
BRUNEI BAY
Muara (Brooketon)
P. Muara
Meropot
BT. BUBONG 2898
RUMAH
Sundar
Lutong
Tutoan
Bangar
BRUNEI
Lang Tengoa
Meligan
Bekuku
Belumbang
Kemabong
G. LAMAKU
G. NAPOTONG
Tarikan
Rundum
Matiku
Sapulut
Labang
Batu Punggul
G. ANTULAU
Pensiangan
Ansub
Sumakut
Seado
Long Miau
Long Pa Sia
Limpagong
Tabak
Long Semado
Long Ugong
SARAWAK
Sesiboe
COCKER RANGE
INTERIOR RESIDENCY
WITTI RANGE
MAITLAND RANGE
CROCKER RANGE
Keningau
Agric Sta
Stock Station
Ambual
Tenom (Rice)
Melalap
MALUTUD 4224'
ANGINOD 3919
PALING
Nabawan
Tomanggong
Kalabakan
Tampasak
Tongod
Kakoratan
Limpasu
Pinangah
Tawai
Karakara
Bakar
Tangkulap
Tungku
Kuamut
Maput
Mensuli
Segama
Lahad Datu
Tambisan
Kinabatangan
Paginatan
Bilisan
Lungkan
Kabayan
Telupid
Buas
Budu
Bilia
Mostapha
Kalapis
Beluran
Sapi
Bantun
Sibuga
Bambangan
Sandakan
P. Nunuyan Laut
P. Berhala
Leper Colony
Trangkit
SANDAKAN RESIDENCY
Parayan
Serai
Gamantong Caves
Sukau
765
BT. BULUD NAPA
Malapi
Batu
Lamag
Pintasin
Sangai
Batu Puteh
Linkabau
G. MENAPOD
Salalong
Kaingaran
Surah-Surah
Batition
Biongkong
LABUK BAY
P. Linkabo
P. Gusong
Tetabuan
P. Kanawi
P. Sulok
Samawang
Kiagan
Mantalongis
Pininakan
G. MELIAU
MASASAU
Rumidi
Trasak
Wasai
Sungai Sungai
Nawanun
Pinangatuan
P. Kaniogan
P. Penandawan
P. Puru Puru
Tagasan
Pantai
Simpangan
Tegudeh
Subo Telan
Pantai Burung
Tagahn
Trusan
P. Libaran
P. Tagasak
P. Libiman
P. Tabus
Tg. Sugut
Tg. Lari Lari
Malaya
TAWAU RESIDENCY
BRASSEY RANGE
MT. TRIBULATION 4200
MT. AMBUN 3300
Orchid Plateau
MT. SKERTCHLEY
STEWART PEAK
MT. SILAM 2802
P. Sakar
P. Magaming
P. Bohayan
P. Bakuberg
P. Batik Kulambu
Madai Caves
Kunak
MT. 1820
Lastyn HILL
Baturong Caves
MOSES
Semabang Caves
MT. HEWETT
MT. WILLERSTORF
MT. MAGDALENA
MT. LUCIA 3940'
MT. TIGER
MARIA PEAK
Cocoa Station
MT. ANDASSY
MT. LION
TAMPILIT 3161
Kalabakan
COWIE Harbour
P. Sadom
PULAU SEBATIK
P. OOST
NOENOEKAN
Agric Sta
Batu Timagot
SIBUKO OR ST LUCIA BA
KALIMANTAN (REPUBLIC OF INDONESIA)

115° 116° Longitude 117° East of Greenwich 118°

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SABAH

2 117° 3 118° 4 119° 5

7° 6° 5°

BALABAC I.

Cape Melville

LUMBUCAN CHANNEL

BALABAC STRAIT

P. BALAMBANGAN

P. Tiga

PULAU BANGGI

P. Latoan

P. Bankawan

P. Panukaran

P. Balak

P. Malawali

Straggler I.

P. Malleangan Besar

Limbuak

Kudat

Tigo Tarak

Sulu I.

BENGKOKA PENINSULA

P. Mandidarah

P. Tigabu

Lokapas

P. Musa

P. Bruan

Senaja

Matunggong

Indarasan

P. Mantanani

Taringai

Taburan

Sibayan

Tandik

PULAU JAMBONGAN

Jambongan

SULU SEA

Trusan

Tagahn

P. Puru Puru

P. Kaniogan

P. Penandawan

P. Lihuman

P. Libaran

P. Tegenak

Linkabau

Sungai Sungai

G. MENAPOD

LABUK BAY

P. Linkabo

P. Gusong

P. Tabut

Tetabuan

P. Kanawi

P. Sulok

Klagan

Beluran

P. Nunuyan Laut

P. Berhala Leper Colony

Sandakan

Sibuga

Bambangan

Tambunan

Kaparan

Penampang

Papar

Kimanis

Beaufort

Weston

Kuala Penyu

SANDAKAN RESIDENCY

Sukau

765 BT. BULUD NAPA

BT. KRETAM

Lamag

Pintasin

Batu Puteh

P. Tambisan

Tambisan

BT. MARUAP

MT. HATTON

Tangkulap

Kuamut

Pinangah

Tamparuli

Tenom

Keningau

Tamparuli

Mensuli

Segama

Lahad Datu

Bulus

Bikang

G. BAGAHAK 2538

Dusun

Tendu

Sabahat

Tungku

Mukuo

MT. SILAM 2952

P. Sakar

TAWAU RESIDENCY

STEWART PEAK

MT. TRIBULATION 4200

MT. AMBLIN 3300

Orchid Plateau

MT. SKERTCHLEY

DARVEL BAY

P. Magenting

P. Bahayan

P. Tabauwan

P. Silumpat

P. Adal

P. Bakubang

P. Batek

P. Batek Kulambu

Mabel Caves

Baturong Caves

MT. KUNAK 1823

Kastyn Hill

Sogo

P. TIMBUN MATA

P. Kubar

P. Gaya

P. Bakaydulang

P. Pom Pom

P. Kalapuan

P. Larajan

Silawat

Labuan

Semporna

P. Bum Bum

Gusong Melanta

P. Bakayan

P. Omadal

P. Karindingah

P. Nusatonga

P. Si Amid

P. Danawan

P. Kalumpang

P. Mabul

P. Kapilai

P. Litigan

MT. HEWETT

MT. WILLERSTORF

G. SIGALONG

MT. POCK

MT. LYNNES 1208

Pakalongan

Sulabayang

MT. MAGDALENA

MT. LUCIA 3040

MT. TIGER

MARIA PEAK

Cocoa Station

MT. ANDRASSY

MT. TRAMIER

KAWA KAWA

TAMPILIT 3161

Kalabakan

MT. LION

COWIE Pt. HARBOUR

Agric Sta

Batu Tinagat

PULAU Sadam

SEBATIK

P. OOST NOENOEKAN

SIBUKO OR ST LUCIA BAY

ALICE CHANNEL

SIBITU I.

Omapui

Tumindao

CELEBES SEA

CROCKER RANGE

MAITLAND RANGE

BRASSEY RANGE

TAWAU HILLS

KALIMANTAN (REPUBLIC OF INDONESIA)

Longitude 117° East of Greenwich 118° 119°

CAGAYAN SULU I.

Inset

CHINA

Fuchow

Canton

HONG KONG

TAIWAN (FORMOSA)

Hanoi

NORTH VIETNAM

HAINAN

INDIA

Calcutta

Bombay

Bay of Bengal

BURMA

Rangoon

INDO-CHINA

THAILAND

Bangkok

SOUTH VIETNAM

CAMBODIA

Saigon

SOUTH CHINA SEA

LUZON

Manila

PHILIPPINE IS.

PALAWAN

MINDANAO I.

Madras

ANDAMAN IS.

NICOBAR IS.

Gulf of Siam

Colombo

CEYLON

MALDIVE IS.

PENANG

Singapore

SABAH

BRUNEI

EQUATOR

INDIAN OCEAN

NIAS I.

SIBERUT I.

MENTAWAI IS.

SUMATRA

KALIMANTAN (REPUBLIC OF INDONESIA)

CELEBES

BURU

INDONESIA

Djakarta

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